



## 2014 Global Loss Triangles

Published June 19, 2015

## 2014 Global Loss Triangles Cautionary Language

This report is for informational purposes only and is current as of December 31, 2014. We are under no obligation, and do not expect, to update or revise this report, whether as a result of new information, future events or otherwise, even when such new data has been reflected in our filings with the U.S. Securities and Exchange Commission (the “SEC”) or otherwise. Although the loss payment and loss reporting patterns disclosed in this report are an important factor in the process used to estimate loss reserve requirements, they are not the only factors considered in establishing reserves. The process for establishing reserves is subject to considerable variability and requires the use of informed estimates and judgments. The information disclosed here represents a high-level summary of the data we use for our own reserve evaluations. Important details, such as specific loss development expectations for particular contracts, years or events, cannot be developed solely by analyzing the information provided in this report. In addition to analyzing loss development information, management incorporates additional information into the reserving process, such as pricing and market conditions. Readers must keep these and other qualifications more fully described in this report in mind when reviewing this information. This report should be read in conjunction with periodic reports filed by Arch Capital Group Ltd. (“ACGL”) with the SEC, including ACGL’s most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

## 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. All statements other than statements of historical fact included in or incorporated by reference in 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 “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” or “continue” and similar statements of a future or forward-looking nature or their negative or variations or similar terminology.

Forward-looking statements involve our current assessment of risks and uncertainties. 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, elsewhere in this report and in our periodic reports filed with the 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 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, foreign currency exchange rates, prevailing credit terms and the depth and duration of a recession) and conditions specific to the reinsurance and insurance markets (including the length and magnitude of the current “soft” market) in which we operate;
- competition, including increased competition, on the basis of pricing, capacity, 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 of key personnel;
- the integration of businesses we have acquired or may acquire into our existing operations;
- 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, contingencies and litigation, and any determination to use the deposit method of accounting, which for a relatively new insurance and reinsurance company, like our company, are even more difficult to make than those made in a mature company since relatively limited historical information has been reported to us through December 31, 2014;
- 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 and reinsurance subsidiaries;
- severity and/or frequency of losses;
- claims for natural or man-made catastrophic events in our insurance or reinsurance business could cause large losses and substantial volatility in our results of operations;
- acts of terrorism, political unrest and other hostilities or other unforecasted and unpredictable events;
- availability to us of reinsurance to manage our gross and net exposures 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, including new or continued sovereign debt concerns in Eurozone countries or downgrades of U.S. securities by credit rating agencies, which could affect our business, financial condition and results of operations;
- 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;

- losses relating to aviation business and business produced by a certain managing underwriting agency for which we may be liable to the purchaser of our prior reinsurance business or to others in connection with the May 5, 2000 asset sale described in our periodic reports filed with the SEC;
- 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 policy and matters and insurance and other regulatory matters such as the adoption of proposed legislation that would affect 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; 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 the Annual Report on Form 10-K, as well as the other factors set forth in ACGL’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. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
<b>I. Introduction</b>	<b>5</b>
<b>II. Data Compilation and Definitions</b>	<b>7</b>
<b>III. Classification Details</b>	<b>12</b>
<b>IV. Overview of Reserving Methodology</b>	<b>18</b>
<b>V. Reconciliations</b>	<b>26</b>
<b>VI. Data and Exhibits</b>	<b>30</b>
<b><u>Insurance Segment</u></b>	
Global Loss Triangles and Inception-to-Date (“ITD”) Exhibits	
o Consolidated Insurance	30
o Property, Energy, Marine and Aviation	32
o Third Party Occurrence Business	34
o Third Party Claims-Made Business	36
o All Other	38
Large Loss Exhibit	40
<b><u>Reinsurance Segment</u></b>	
Global Loss Triangles and ITD Exhibits	
o Consolidated Reinsurance	41
o Casualty	43
o Property Catastrophe	45
o Other Property	47
o Marine/Aviation/Space	49
o Other Specialty	51
o Other Reinsurance	53
Large Loss Exhibit	55

## I. INTRODUCTION

This report provides additional information on the loss development characteristics of Arch Capital Group Ltd. (“ACGL” and, together with its subsidiaries, “Arch,” the “Company,” “we,” or “us”) as of December 31, 2014. This report provides greater detail on Arch’s loss and loss adjustment expense (“LAE”) reserves by showing Global Loss Triangles (“GLT”) for paid and reported loss and allocated loss adjustment expenses (“ALAE”) at annual evaluation dates. The most recent evaluation is as of December 31, 2014. For insurance lines, the loss triangles are presented net of reinsurance on an accident year basis. For reinsurance lines, the loss triangles are presented net of retrocessions on an underwriting year basis.

In addition, summary exhibits are provided which further highlight the gross, ceded and net results by business segment and GLT classes as of December 31, 2014. These summaries include: written premiums; earned premiums; paid loss and ALAE; reported loss and ALAE; incurred but not reported (“IBNR”) loss and ALAE; ultimate unallocated loss adjustment expenses (“ULAE”); and the ultimate loss and LAE ratios as of December 31, 2014 on an inception-to-date (“ITD”) basis from January 1, 2002 through December 31, 2014.

Section II provides a discussion of the means used to compile the data, as well as definitions for many of the terms used in this report. A more detailed description of the business underlying the triangle information is given in Section III. Section IV contains a summary description of management’s loss reserving methodology. Section V provides a reconciliation of the data presented in this report to our December 31, 2014 financial statements and to last year’s GLT report.

The inherent uncertainty associated with the estimation of loss and LAE reserves is a significant risk for property and casualty specialty insurance and reinsurance companies, including Arch. Management believes the triangles and corresponding summary exhibits along with the narrative in this report provide additional insight into the loss development characteristics of Arch’s lines of business.

The process of establishing and adjusting loss and LAE reserves is a complex process containing numerous management judgments related to the segmentation of data, methodologies utilized and their associated parameters, along with the weightings applied to the various techniques used in the reserving process. Actuarial determinations of unpaid future losses and LAE are subject to potential errors of estimation, which could be significant, due to the fact that the ultimate disposition of claims incurred prior to the date of such estimation, whether reported to Arch or not, is subject to the outcome of events that have not yet occurred. Likewise, any estimate of future costs associated with claims settlement is subject to the inherent limitation on the ability to predict the course of future events. Consequently, it should be expected that the actual emergence of the ultimate loss and LAE will vary, perhaps materially, from any prior estimate. Readers should also review additional reserve disclosures and the Company’s risk factors that are provided in the Company’s most recent Annual Report on Form 10-K and other periodic reports filed with the SEC.

Readers of this report are strongly advised against projecting ultimate losses and LAE for Arch directly from the loss triangles in this report, as these calculations rarely take into account fully the true underlying nature of the liabilities. The triangle classes contained in this report are the result of the compilation of many discrete reserving groups within Arch that represent, among other things, different geographies, pricing environments, legislative climates and policy forms. Particular care should be used in any comparison of specific class results to insurance industry results, such as industry U.S. Schedule P based benchmarks. This is especially true for classes incorporating a mix of loss development tails and for classes defined as “All Other,” “Other Specialty” and “Other Reinsurance.” Also, as reinsurance business includes additional delays in reported business from ceding companies, additional caution should be used when comparing industry U.S. Schedule P based benchmarks for insurance to reinsurance classes.

Depending upon which actuarial reserving method is utilized, the presence or absence of large losses and how they are treated may also have a significant impact on the estimated ultimate loss and LAE. In addition, changes to the premium volume, mix of business and the underlying exposures within a class may have significant effects on the resulting ultimate loss estimates and overall reserve levels. Without incorporating this critical information, the results derived from a mechanical extrapolation of the loss triangles in this report have the potential of being materially inaccurate.

The triangles and summary exhibits are provided for both the insurance and reinsurance segments of the Company. The losses in the triangles represent the Company’s December 31, 2014 net reported losses, and the losses in the ITD exhibits represent the Company’s December 31, 2014 gross, ceded and net loss and LAE reserves. These exhibits represent the reserves in their entirety, with the exception of adjustments for changes in foreign currency and excluded business as shown in Section V of this report. Section V contains a reconciliation to select data from the Company’s financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

As discussed more fully in Section II, the data reflected in these exhibits and triangles is presented in United States dollars (“USD”) and the appropriate adjustments have been made for foreign exchange movements. Future foreign exchange fluctuations will mean that the data presented in future GLT filings will not reconcile directly to the data included in this report.

## II. DATA COMPILATION AND DEFINITIONS

Numerous data elements were incorporated to prepare this report. For insurance lines, the loss triangles are presented on an accident year basis, net of reinsurance. For reinsurance lines, the loss triangles are presented on an underwriting year basis, net of retrocessions. The ITD exhibits for insurance and reinsurance lines display gross, ceded and net losses on an accident year basis and underwriting year basis, respectively.

### Data Presented

The data presented in the triangles and ITD exhibits is as follows:

- **Triangles**
  - Net paid loss and ALAE
  - Net reported loss and ALAE
- **ITD Exhibits**
  - Gross premium, paid, reported and ultimate loss and LAE
  - Ceded premium, paid, reported and ultimate loss and LAE
  - Net premium, paid, reported and ultimate loss and LAE

### Basis of Presentation

Information presented herein differs from that reported in Arch's financial statements prepared in accordance with GAAP due to a number of factors, including differences in foreign currency exchange rates, exclusion of commuted contracts within the reinsurance group, the impact of premium adjustments and other data adjustments, and other excluded business as shown in Section V.

All amounts are presented in thousands of USD and reflect the conversion from the original currency of the underlying business if not denominated in USD. Foreign currency denominated losses and premiums are converted based on exchange rates at the dates of the transactions to the functional currency of the legal underwriting entity, which is either USD, Euro ("EUR") or British Pound Sterling ("GBP"). Arch's reporting currency is USD. Fluctuations in currency exchange rates, between foreign functional currencies (i.e. GBP or EUR) and USD, can cause material shifts in loss development. To eliminate distortions caused by such fluctuations, data in the triangle exhibits has been restated using the December 31, 2014 rates of exchange of EUR to 1.2101 USD and GBP to 1.5593 USD.

Some (re)insurance contracts contain provisions resulting in a variation of the premium or acquisition expenses as a result of loss experience under the contract. Within the analysis, estimated reinstatement premiums are included in the premium totals.

Ceded reinsurance transactions with affiliates of the Company have not been reflected in the triangles, other than reinsurance purchased as part of an overall treaty placement. The ITD exhibits include ceded reinsurance (third party) and net schedules.



## Global Loss Triangle Classes

Triangles and ITD exhibits are provided in ten general classes, four for the insurance segment and six for the reinsurance segment. The classes are based on the loss development characteristics for the lines of business represented by the exposures in a given triangle class. The ten triangle classes included in this report are listed below.

### Insurance Segment Classes

- Property, Energy, Marine and Aviation
- Third Party Occurrence Business
- Third Party Claims-Made Business
- All Other

### Reinsurance Segment Classes

- Casualty
- Property Catastrophe
- Property Excluding Property Catastrophe
- Marine/Aviation/Space
- Other Specialty
- Other Reinsurance

Further detail of the types of business contained in each triangle class is provided in Section III of this report. Section V includes a mapping of triangle classes in this report to the lines of business categories which are included in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

## Large Losses and Other Adjustments

The triangles are unadjusted with respect to large losses and catastrophic losses, including losses related to the 2004, 2005 and 2008 hurricanes and 2010 to 2012 catastrophic events. Losses from specified significant catastrophic events in our Property and All Other segments (for insurance) and Property Catastrophe, Marine/Aviation/Space and Other Property segments (for reinsurance) are shown on pages 41 and 56.

The insurance triangles are net of any external reinsurance recoveries.

The reinsurance triangles are net of any retrocession recoveries and exclude losses from commuted contracts. The premium data is shown on a gross, ceded and net basis and includes any reinstatement premiums associated with the loss events and excludes premiums for commuted contracts within the reinsurance group.

## Mix of Business

ACGL was formed in September 2000 and launched its underwriting initiative in October 2001. Arch commenced the substantial portion of its writings in 2002. Since that time, significant shifts in mix of business have occurred as types of business have been added or dropped, or have grown or shrunk. Typical actuarial methodologies assume

homogeneity of business within the triangles and, as a result, simple actuarial projections derived from these triangles may lead to materially misleading conclusions.

### **Business Not Included**

For the Company as a whole, the exhibits contain approximately 91% of the loss and ALAE reserves carried by the Company as of December 31, 2014.

The following data is not included within the GLT and ITD exhibits:

- Certain insurance business written in the United Kingdom;
- Surety insurance business;
- Mortgage (re)insurance business;
- Life reinsurance business;
- Certain Denmark reinsurance business;
- Watford Re business (“Other” segment in SEC disclosures); and;
- Miscellaneous other adjustments.

A reconciliation of the GLT and ITD exhibits to the consolidated financial statements, prepared in accordance with GAAP, is presented in Section V.

For reinsurance, approximately 8% of net earned premiums is excluded from the data due to commutations, but it is not evenly spread across segments. For Other Reinsurance, the commuted percentage is 42%; for Other Specialty, the commuted percentage is 24%; and for Property Catastrophe, the commuted percentage is 5%. The other reinsurance segments have a minimal amount of commuted business. No other business has been excluded from the analysis.

### **Discounting**

The losses in the triangles do not include a provision to reflect the time value of money. The carried loss and ALAE IBNR, as shown in the ITD exhibits, include a provision to reflect the time value of money for a portion of excess workers’ compensation and employers’ liability loss reserves within the insurance segment, valued at \$14.7 million as of December 31, 2014.

### **Definitions**

Several key definitions are highlighted below:

**Accident Year** means the year in which the event occurred that triggered a claim to Arch. All years referred to are years ended December 31st.

**Additional Case Reserves** are amounts that are held in the reinsurance segment in addition to Case Reserves that result from Arch’s claims professionals determining that the established Case Reserves (which are often established by cedents or third parties) are expected to be insufficient to meet the expected future settlement amounts.

**ALAE** means allocated loss adjustment expense, which is an estimate of the direct expenses to be incurred in settling a claim. ALAE includes the costs of third party loss assessors or legal experts.

**Case Reserves** are amounts set aside for Loss and ALAE in relation to claims that have been made but not yet been paid and represent an assessment of the remaining amount to be paid in respect of each notified claim.

**Ceded Claims** are those claim costs Arch received or expects to receive from third party reinsurers to whom Arch has ceded premiums.

**Ceded Premiums** are those premiums paid by Arch to third party reinsurers or retrocessionaires.

**Claims-Made** coverage is a form of insurance contract under which only claims reported to the insurer during the contract period are covered.

**Diagonals** in the triangle from bottom left to top right represent evaluation dates. For example, the last diagonal in our published triangles shows the position of each Accident Year or Underwriting Year as at December 31, 2014.

**Earned Premium** is the amount of total premiums written over a period that have been earned based on the ratio of the time passed on the policies to their effective life.

**Gross Premiums and Gross Losses** are shown before the impact of any third party external reinsurance or retrocession that Arch purchases.

**IBNR, or IBNR Loss and ALAE**, means incurred but not reported reserve. It includes a reserve amount held to cover expected future settlements in relation to all claims that have occurred but have not yet been reported to Arch as well as a reserve amount to cover expected development (upward or downward) in existing Case Reserves and Additional Case Reserves. Arch's process for establishing IBNR is discussed further in Section IV of this document.

**LAE** means loss adjustment expense, which is expense incurred in settling a claim. LAE includes the costs of third party loss assessors or legal experts and the cost of internal resources necessary to settle a claim. LAE is the sum of ALAE and ULAE.

**Maturity (Age)** is the time measured in months from the start of the Accident Year or Underwriting Year.

**Net** means the retained portion of premiums written or losses paid and reported. Net Premium equals Gross Premium less Ceded Premium and Net Losses equal Gross Losses less Ceded Losses.

**Paid Losses** are claim amounts paid to insureds or to ceding companies.

**Report Year** refers to the year in which a claim is reported to Arch. All years referred to are years ending December 31st.

**Reported Loss and ALAE** is the sum of Paid Losses and ALAE, plus Case Reserves and any Additional Case Reserves.

**Triangle** is a cross tabulation of data usually showing financial quantities in respect of periods of exposure (e.g., Accident or Underwriting Years), each evaluated at regular intervals (maturities).

**ULAE** stands for unallocated loss adjustment expenses and represents the indirect expenses required to settle claims.

**Ultimate Loss and LAE** is the total of all expected settlement amounts, whether paid or reserved, together with any associated settlement expenses and is the estimated total amount of loss at the measurement date. For the purposes of this report, Ultimate Loss and LAE is calculated by adding: Reported Loss and ALAE, IBNR Loss and ALAE, and Ultimate ULAE.

**Ultimate ULAE** is the total of all expected ULAE, whether paid or reserved, and represents the estimated total amount of indirect expenses required to settle claims at the measurement date.

**Underwriting Year** is the year in which an insurance policy or reinsurance treaty incepts. All years referred to are years ending December 31st.

### III. CLASSIFICATION DETAILS

#### **Insurance Segment**

Our insurance group data is categorized as described below.

#### **Property, Energy, Marine and Aviation**

This category includes:

*Property, Energy, Marine and Aviation:* primary and excess general property insurance coverages, including catastrophe-exposed property coverage, for commercial clients. Coverages for marine include hull, war, specie and liability. Aviation and stand alone terrorism are also offered.

*Contract Binding:* provides property and casualty coverage through a network of appointed agents to small and medium risks. Only the property exposures are included in this triangle class.

Of the data included in this category, on an ITD basis through December 31, 2014, the distribution of business by net earned premium and by financial reporting line is 100% Property, Energy, Marine and Aviation. Contract Binding exposures are negligible.

On an ITD basis through December 31, 2014, the distribution by net earned premium and by U.S. annual statement line of business is: 40% Fire, 22% Ocean Marine, 20% Allied Lines, 8% Aircraft, and 9% other lines.

The lines of business in this category are considered “short-tail” business with the exception of Marine which is considered “medium-tail”. On an ITD basis through December 31, 2014, the distribution by net earned premium is: 75% short-tail and 25% medium-tail.

#### **Third Party Occurrence Business**

This category includes:

*Excess and Surplus Casualty:* primary and excess casualty insurance coverages, including middle market energy business.

*Construction and National Accounts:* primary and excess casualty coverages to middle and large accounts in the construction industry and a wide range of products for middle and large national accounts, specializing in loss sensitive primary casualty insurance programs (including large deductible, self-insured retention and retrospectively rated programs).

*Contract Binding:* provides property and casualty coverage through a network of appointed agents to small and medium risks. Only the liability exposures are included in this triangle class.

*Other:* includes alternative market risks (including captive insurance programs), excess workers’ compensation and employer’s liability insurance coverages for qualified self-insured groups, associations and trusts.

Of the data included in this category, on an ITD basis through December 31, 2014, the distribution of business by net earned premium and by financial reporting line is: 44% Construction and National Accounts, 41% Excess and Surplus Casualty, 2% Contract Binding and 13% Other.

On an ITD basis through December 31, 2014, the distribution by net earned premium and by U.S. annual statement line of business is: 42% Other Liability – Occurrence, 29% Workers' Compensation, 10% Commercial Auto – Other Liability, 8% Product Liability – Occurrence and 11% other liability lines.

The lines of business in this category contain a mixture of business considered “medium-tail” and “long-tail”. On an ITD basis through December 31, 2014, the distribution by net earned premium is: 85% long-tail, 14% medium-tail and 1% short-tail.

### **Third Party Claims-Made Business**

This category includes:

*Professional Lines:* directors' and officers' liability, errors and omissions liability, employment practices liability, fiduciary liability, crime, professional indemnity and other financial related coverages for corporate, private equity, venture capital, real estate investment trust, limited partnership, financial institution and not-for-profit clients of all sizes and medical professional and general liability insurance coverages for the healthcare industry.

Of the data included in this category, on an ITD basis through December 31, 2014, the distribution of business by net earned premium and by financial reporting line is 100% Professional Lines.

On an ITD basis through December 31, 2014, the distribution by net earned premium and by U.S. annual statement line of business is: 86% Other Liability – Claims-Made, 12% Medical Malpractice – Claims-Made business and 1% other liability lines.

The lines of business in this category contain a mixture of business considered “medium-tail” and “long-tail”. On an ITD basis through December 31, 2014, the distribution by net earned premium is: 93% medium-tail and 7% long-tail.

### **All Other**

This category includes:

*Programs:* primarily package policies, underwriting workers' compensation and umbrella liability business in support of desirable package programs, targeting program managers with unique expertise and niche products offering general liability, commercial automobile, inland marine and property business with minimal catastrophe exposure.

*Travel, Accident and Health:* specialty travel and accident and related insurance products for individual, group travelers, travel agents and suppliers, as well as accident and health, which provides accident, disability and medical plan insurance coverages for employer groups, medical plan members, students and other participant groups.

*Lenders products:* collateral protection, debt cancellation and service contract reimbursement products to banks, credit unions, automotive dealerships and original equipment manufacturers and other specialty programs that pertain to automotive lending and leasing.

Of the data included in this category, on an ITD basis through December 31, 2014, the distribution of business by net earned premium and by financial reporting line is: 70% Programs, 17% Lenders products, 10% Travel, Accident and Health and 3% other lines.

On an ITD basis through December 31, 2014, the distribution by net earned premium and by U.S. annual statement line of business is: 21% Commercial Multi-Peril, 16% Other Liability – Occurrence, 16% Commercial Auto – Other Liability, 13% Inland Marine, 13% Credit, 7% Workers' Compensation, and 14% Other Lines.

The lines of business in this category contain a mixture of business considered “short-tail,” “medium-tail,” and “long-tail.” On an ITD basis through December 31, 2014, the distribution by net earned premium is: 28% short-tail, 35% medium-tail, and 37% long-tail business.

### **Reinsurance Segment**

Our reinsurance group data is categorized as described below.

#### **Casualty**

Our reinsurance group reinsures third party liability exposures from ceding company clients on a quota share and excess of loss basis. The exposures that it reinsures include professional liability (including, among others, errors and omissions, directors' and officers' and medical malpractice), and other liability (including, among others, excess and umbrella liability, motor third party liability, and workers' compensation). On an ITD basis through December 31, 2014, professional liability has comprised slightly less than 44% of the net earned premium.

The underlying business is written on either a claims-made or occurrence basis. On an ITD basis through December 31, 2014, about 78% of the net earned premium comes from quota shares. However, a significant part of the quota share business consists of proportional shares of excess business (such as umbrella quota shares). On an ITD basis through December 31, 2014, geographical origin of net earned premium is approximately 77% U.S.

The underlying business is approximately split evenly between medium and long-tail business, but some of the medium-tail business is written on a risk attaching basis and the delay in reported business for reinsurance lengthens the development. Overall, this is considered “long-tail” business.

Casualty clash business is included in the “Other Reinsurance” segment and workers' compensation catastrophe business is included in the “Other Specialty” segment.

#### **Property Catastrophe**

Our reinsurance group reinsures catastrophic perils for our reinsureds on a treaty basis. Treaties for this type of business provide protection for most catastrophic losses that are

covered in the underlying policies written by our reinsureds. The primary perils in our reinsurance group's portfolio include hurricane, earthquake, flood, tornado, hail and fire. Our reinsurance group may also provide coverage for other perils on a case-by-case basis. Property catastrophe reinsurance provides coverage on an excess of loss basis when aggregate losses and loss adjustment expense from a single occurrence of a covered peril exceed the retention specified in the contract. The multiple claimant nature of property catastrophe reinsurance requires careful monitoring and control of cumulative aggregate exposure.

This is considered “short-tail” business.

### **Property Excluding Property Catastrophe**

Our reinsurance group's treaty reinsurance operations reinsure individual property risks of a ceding company. Property per risk treaty and quota share reinsurance contracts written by our treaty reinsurance group cover claims from individual insurance policies issued by reinsureds and include both personal lines and commercial property exposures (principally covering buildings, structures, equipment and contents). The primary perils in this business include fire, explosion, collapse, riot, vandalism, wind, tornado, flood and earthquake. Our reinsurance group's property facultative operations focus on commercial property risks on an excess of loss basis.

On an ITD basis through December 31, 2014, 30% of the net earned premium has been written on a per-risk basis, with the remainder being on a quota share basis.

This is considered “short-tail” business.

### **Marine/Aviation/Space**

Our reinsurance group writes marine business, which includes coverages for energy, hull, cargo, specie, liability and transit, and aviation business, which includes coverages for airline and general aviation risks. Business written may also include space business, which includes coverages for satellite assembly, launch and operation for commercial space programs. The mix of business has changed over time where the older years included a large proportion of marine liability business and the more recent years covered largely offshore energy exposure on a quota share basis.

The aviation business includes coverages for airline and general aviation risks. On an ITD basis through December 31, 2014, about 90% of net earned premium is quota share business. Over time, the mix of business has generally shifted away from airline business and more towards general aviation.

Through 2006, aviation business made up approximately 50% to 60% of this segment, but in underwriting years 2007 – 2014 combined, it has fallen to 19% of the net earned premium. Space business has been a very small part of the total.

This is considered “medium-tail” business.

### **Other Specialty**

Our reinsurance group writes other specialty lines, including:



*Surety:* Pre-2011, this business is mostly U.S. business written on an excess-of-loss basis. On an ITD basis through December 31, 2014, this represents 8% of the overall Other Specialty net earned premium and from April 2012 includes premium in respect of the acquisition of Ariel Re's Credit & Surety reinsurance operations.

*Accident and health catastrophe and risk:* Written on a quota share and excess of loss basis. On an ITD basis through December 31, 2014, this represents 24% of the overall Other Specialty net earned premium.

*Workers' compensation catastrophe:* Almost all workers' compensation catastrophe exposure arises from losses that require more than one employee being injured in a workplace accident. On an ITD basis through December 31, 2014, this represents 9% of the overall Other Specialty net earned premium.

*U.K. motor:* Written on a quota share basis and protected by an excess of loss program for severity claims. On an ITD basis through December 31, 2014, this represents 15% of the overall Other Specialty net earned premium.

*Trade credit and political risk:* Written on a quota share and excess of loss basis. On an ITD basis through December 31, 2014, this represents 24% of the overall Other Specialty net earned premium and from April 2012 includes premium in respect of the acquisition of Ariel Re's Credit & Surety reinsurance operations.

*Terrorism:* Mostly written on an excess of loss basis. On an ITD basis through December 31, 2014, this represents 8% of the overall Other Specialty net earned premium.

*Multi-peril crop:* On an ITD basis through December 31, 2014, this represents 6% of the overall Other Specialty net earned premium.

*Non-Standard Auto:* On an ITD basis through December 31, 2014, this represents 5% of the overall Other Specialty net earned premium.

The balance of the overall Other Specialty premium comes from a variety of other disparate lines of business. This segment is considered "short-tail" business.

## **Other Reinsurance**

Our reinsurance group also writes the following lines of business, which are aggregated into this class:

*Casualty clash business:* On an ITD basis through December 31, 2014, this represents 49% of the overall Other Reinsurance net earned premium.

*Non-traditional business:* In limited instances, we have written treaties providing insurers with risk management solutions that complement traditional reinsurance. On an ITD basis through December 31, 2014, this represents 51% of the overall Other Reinsurance net earned premium.

Through 2005, the majority of the premium in this segment consisted of non-traditional business, where the principal exposures were property catastrophe. From 2006, the

premium has largely been casualty clash business. This category contains a mixture of “short-tail” and “long-tail” business.

#### IV. OVERVIEW OF RESERVING METHODOLOGY

We are required by applicable insurance laws and regulations and GAAP to establish reserves for losses and LAE (“Loss Reserves”) that arise from the business we underwrite. Loss Reserves for our insurance and reinsurance operations are balance sheet liabilities representing estimates of future amounts required to pay losses and LAE 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.

At December 31, 2014 and 2013, our Loss Reserves, net of unpaid losses and loss adjustment expenses recoverable, by type and by operating segment were as follows (all amounts in \$U.S. thousands, on a net basis):

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
<b>Insurance:</b>		
Case reserves	\$ 1,459,040	\$ 1,446,029
IBNR reserves	3,066,962	3,037,755
Total net reserves	<u>\$ 4,526,002</u>	<u>4,483,784</u>
<b>Reinsurance:</b>		
Case reserves.	\$ 794,838	\$ 749,830
Additional case reserves	97,413	113,311
IBNR reserves	1,658,468	1,722,214
Total net reserves	<u>\$ 2,550,719</u>	<u>\$ 2,585,375</u>
<b>Total:</b>		
Case reserves.	\$ 2,253,878	\$ 2,195,859
Additional case reserves	97,413	113,331
IBNR reserves	4,725,430	4,759,969
Total net reserves	<u>\$ 7,076,721</u>	<u>\$ 7,069,159</u>

The following is a discussion of the Company’s reserving methodology for its insurance and reinsurance segments. Additional explanation of the Company’s reserving methodology can be found in the Company’s most recent Annual Report on Form 10-K and other periodic reports filed with the SEC.

##### **Insurance Segment**

The initial reserving method for our insurance operations to date has been, to a large extent, the expected loss method, which is commonly applied when limited loss experience exists. Our insurance operations employ a number of different reserving methods depending on the line of business, the availability of historical loss experience and the stability of that loss experience. Over time, such techniques have been given more weight in the reserving process due to the continuing maturation of the loss experience and the increased availability and credibility of the historical experience. Any

estimates and assumptions made as part of the reserving process could prove to be inaccurate due to several factors, including the fact that relatively limited historical information has been reported to our insurance operations through December 31, 2014 in some lines of business. (See below for a discussion of the key assumptions in our insurance operations' reserving process.)

Although Loss Reserves are initially determined based on underwriting and pricing analysis, our insurance operations apply several generally accepted actuarial methods, as discussed below, on a quarterly basis to evaluate their 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). As noted below, beginning in 2005, our insurance operations began to give a relatively small amount of weight to their own experience following reviews of open claims on lines of business written on a claims-made basis for which they developed a reasonable level of credible data. Each quarter, as part of the reserving process, actuaries at our insurance operations 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. Estimated Loss Reserves for more mature accident years are now based more on historical loss activity and patterns than on the initial assumptions based on pricing indications. More recent accident years rely more heavily on internal pricing assumptions. Our insurance operations place 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 LAE 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 LAE in the early years of long-tailed lines of business, when little or no paid or reported loss information is available, and is commonly applied when limited loss experience exists for a company.
- *Historical reported 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 reported losses (*i.e.*, the sum of cumulative historical loss payments plus outstanding case reserves) over discrete periods of time to estimate future losses. Historical reported 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 reported 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 reported loss data to project ultimate losses may be less reliable than other methods.

- *Historical paid loss development methods* – these methods, like historical reported 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 reported losses to estimate ultimate losses, they may be more reliable than the other methods that use reported losses in situations where there are significant changes in how reported 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 reported losses because cumulative loss payments take much longer to equal the expected ultimate losses than cumulative reported 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 reported loss development methods* – these methods take traditional historical paid and reported 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 reported 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 reported loss development methods.
- *Bornhuetter-Ferguson ("B-F") paid and reported loss methods* – these methods utilize actual paid and reported losses and expected patterns of paid and reported losses, taking the initial expected ultimate losses into account to determine an estimate of expected ultimate losses. The B-F paid and reported loss methods are useful when there are few reported claims and a relatively less stable pattern of reported losses.
- *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, and analyses of specific industry events, such as large lawsuits or claims.

In the initial reserving process for Property, Energy, Marine and Aviation business, which are primarily short-tail exposures, our insurance operations rely on a combination of the reserving methods discussed above. For catastrophe-exposed business, our insurance operations' 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 property losses 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 reported B-F loss development methods and historical paid and reported loss development methods in the reserving process. Our insurance operations make 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 our underwriters' judgment as to potential loss exposures can be relied on. The expected loss ratios used in the initial reserving process for our insurance operations' property 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 property 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. 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 Third Party Occurrence business, primarily consisting of primary and excess exposures written on an occurrence basis, our insurance operations primarily rely on the expected loss method. The development of our insurance operations' Third Party Occurrence business may be unstable due to its long-tail nature and the occurrence of high severity events, as a portion of our insurance operations' Third Party Occurrence business is in high excess layers. As time passes, for a given accident year, additional weight is given to the paid and reported B-F loss development methods and historical paid and reported loss development methods in the reserving process. Our insurance operations make a number of key assumptions in reserving for Third Party Occurrence business, including that the pricing loss ratio is the best estimate of the ultimate loss ratio at the time the policy is entered into, that our insurance operations' loss development patterns, which are based on a combination of company and industry loss development patterns and adjusted to reflect differences in our insurance operations' mix of business, are reasonable and that our insurance operations' claims personnel and underwriters analyses of our exposure to major events are assumed to be our best estimate of our exposure to the known claims on those events. As noted earlier, due to the long claims reporting and settlement period for this business, additional facts regarding coverages written in prior accident years, as well as about actual claims and trends may become known and, as a result, our insurance operations may be required to adjust their casualty reserves. The expected loss ratios used in the initial reserving process for our insurance operations' Third Party Occurrence business for recent accident years have varied, 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.

In the initial reserving process for Third Party Claims-Made business, primarily consisting of medium-tail exposures written on a claims-made basis, our insurance

operations primarily rely on the expected loss method. As time passes, for a given accident year, additional weight is given to the paid and reported B-F loss development methods and historical paid and reported loss development methods in the reserving process. Beginning in 2005, our insurance operations began to give a relatively small amount of weight to their own experience following reviews of open claims, in particular for lines of business written on a claims-made basis for which they developed a reasonable level of credible data. Over the last few years, our insurance operations have increased their reliance on reviews of open claims. In general, the expected loss ratios established for executive assurance, professional liability and healthcare business for recent accident years vary, in some cases materially, from earlier accident years based on analysis of pricing, loss cost trends and changes in policy coverage. Since this business is primarily written on a claims-made basis and is subject to high severity, low frequency losses, a great deal of uncertainty exists in setting these initial reserves. In addition, only a limited number of years of historical experience is available for use in projecting loss experience using standard actuarial methods. 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 the occurrence or lack of large losses, changes in pricing, loss trends, terms and conditions and reinsurance structure.

In the initial reserving process for All Other business, consisting primarily of property and liability exposures which are primarily written for programs on an occurrence basis, our insurance operations primarily rely on the expected loss method. As time passes, for a given accident year, additional weight is given to the paid and reported B-F loss development methods and historical paid and reported loss development methods in the reserving process. The expected loss ratios used in the initial reserving process for our insurance operations' program business have varied over time depending on the type of exposures written (casualty or property) and changes in pricing, loss trends, reinsurance structure and changes in the underlying business.

In addition to the assumptions and development characteristics noted above, our insurance operations authorize managing general agents, general agents and other producers to write program business on their behalf within prescribed underwriting authorities. This adds additional complexity to the reserving process. To monitor adherence to the underwriting guidelines given to such parties, our insurance operations periodically perform claims due diligence reviews.

### **Reinsurance Segment**

Loss Reserves for our reinsurance operations are comprised of (1) Case Reserves for claims reported, (2) Additional Case Reserves (“ACRs”) and (3) IBNR reserves. Our reinsurance operations receive reports of claims notices from ceding companies and record Case Reserves based upon the amount of reserves recommended by the ceding company. Case Reserves on known events may be supplemented by ACRs, which are often estimated by our reinsurance operations’ claims personnel ahead of official notification from the ceding company, or when our reinsurance operations’ judgment regarding the size or severity of the known event differs from the ceding company. In certain instances, our reinsurance operations establish 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 our reinsurance operations 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.

The estimation of Loss Reserves for our reinsurance operations is subject to the same risk factors as the estimation of Loss Reserves for our insurance operations. 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.

As with our insurance operations, the process of estimating Loss Reserves for our reinsurance operations 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 our reinsurance operations 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, our reinsurance operations assume 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 our reinsurance operations must rely on estimates for a longer period of time than does an insurance company.

Any estimates and assumptions made as part of the reserving process could prove to be inaccurate due to several factors, including the fact that relatively limited historical information has been reported to our reinsurance operations through December 31, 2014 in some lines of business. See below for a discussion of the key assumptions in our reinsurance operations' reserving process.

Although Loss Reserves are initially determined based on underwriting and pricing analysis, our reinsurance operations apply several generally accepted actuarial methods, as discussed above, on a quarterly basis to evaluate their Loss Reserves in addition to the expected loss method, in particular for Loss Reserves from more mature underwriting years (the year in which business is underwritten). Each quarter, as part of the reserving process, actuaries at our reinsurance operations 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. Our reinsurance operations place 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 medium-tail and long-tail lines, consisting of Casualty, the Workers' Compensation Catastrophe part of Other Specialty, Marine and Aviation and some exposures within Other Reinsurance, our reinsurance operations primarily rely on the expected loss method. The development of medium-tail and 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 quota share basis. As time passes, for a given underwriting year, additional weight is given to the paid and reported B-F loss development methods and historical paid and reported loss development methods in the reserving process. Our reinsurance operations make a number of key assumptions in reserving for medium-tail and 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 our reinsurance operations' claims personnel and underwriters analyses of our exposure to major events are assumed to be 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 medium-tail and 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 will be 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.

The process of estimating Loss Reserves for our reinsurance operations involves a considerable degree of judgment by management and, as of any given date, is inherently uncertain. The inherent uncertainties of estimating such reserves are even greater for reinsurers than for insurers due to the longer claim-tail for reinsurers, the reliance on premium estimates in the reserving process, the diversity and instability of loss development patterns, the necessary reliance on the ceding companies for information regarding reported claims and the differing reserving practices among ceding companies.

In the initial reserving process for short-tail lines, consisting of Property Excluding Property Catastrophe, Property Catastrophe, Other Specialty excluding Workers' Compensation Catastrophe and some exposures within Other Reinsurance, our reinsurance operations rely on a combination of the reserving methods discussed above. For known catastrophic events, our reinsurance operations' 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 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 reported B-F loss development methods and historical paid and reported loss development methods in the reserving process. Our reinsurance operations make 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 our reinsurance operations' 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.

## V. RECONCILIATIONS

### i) Reconciliation of Unpaid Losses

The following table reconciles the reserves for loss and loss expenses as of December 31, 2014 as reported in the Arch consolidated financial statements in accordance with GAAP to the reserves for loss and loss expenses published in the triangles (all amounts in \$U.S. thousands, on a net basis).

Consolidated Net Unpaid Losses and ALAE per December 31, 2014 GLTs	\$ 6,497,612
ULAE Reserves	140,907
Excluded Business and Other Adjustments:	
Mortgage (re)insurance	117,801
Life reinsurance	7,513
Surety Insurance	77,134
Certain United Kingdom Insurance	363,876
Certain Denmark Reinsurance	1,475
Watford Re ("Other" segment in SEC disclosures)	63,623
Other Adjustments	(11,796)
Net Reserves for Losses and LAE per December 31, 2014 Consolidated Financial Statements	7,258,145

### ii) Reconciliation to Prior Triangles

The following tables reconcile the paid and reported loss and loss expenses published in the 2013 GLT Report with the amounts published in this report. As described in Section II of this report, fluctuations in currency exchange rates can cause material shifts in loss development. To eliminate such distortions, data in the exhibits has been restated using the year-end rate of exchange to USD. In addition, business commuted during 2014 has been excluded from the 2014 GLT Report. No other adjustments have been made to the prior data.

**INSURANCE – CONSOLIDATED TOTAL**

Data as of 12/31/2013 in \$U.S. thousands

	<u>Accident</u> <u>Year</u>	<u>2013 GLT</u>	<u>Currency</u> <u>Adjustment</u>	<u>2014 GLT</u>
<b>Paid Loss &amp; ALAE</b>	<b>2002</b>	80,482	0	80,482
	<b>2003</b>	442,720	0	442,720
	<b>2004</b>	676,012	-63	675,949
	<b>2005</b>	749,208	-1,511	747,697
	<b>2006</b>	626,287	-1,569	624,717
	<b>2007</b>	743,835	-1,369	742,466
	<b>2008</b>	781,570	-1,998	779,572
	<b>2009</b>	628,050	-2,462	625,588
	<b>2010</b>	485,263	-1,139	484,124
	<b>2011</b>	459,761	-1,603	458,159
	<b>2012</b>	377,403	-3,503	373,900
	<b>2013</b>	165,113	-843	164,269

<b>Reported Loss &amp; ALAE</b>	<b>2002</b>	84,875	0	84,875
	<b>2003</b>	485,212	0	485,212
	<b>2004</b>	700,776	-63	700,713
	<b>2005</b>	787,877	-1,357	786,519
	<b>2006</b>	683,852	-758	683,095
	<b>2007</b>	804,609	-1,756	802,853
	<b>2008</b>	894,128	-2,770	891,358
	<b>2009</b>	741,834	-2,841	738,993
	<b>2010</b>	623,141	-1,523	621,618
	<b>2011</b>	655,700	-2,649	653,051
	<b>2012</b>	602,481	-3,598	598,883
	<b>2013</b>	317,543	-1,604	315,939

**REINSURANCE – CONSOLIDATED TOTAL**

Data as of 12/31/2013 in \$U.S. thousands

	<u>U/W</u> <u>Year</u>	<u>2013 GLT</u>	<u>Currency</u> <u>Adjustment</u>	<u>Additional</u> <u>Commuta-</u> <u>tions</u>	<u>2014 GLT</u>
<b>Paid Loss &amp; ALAE</b>	<b>2002</b>	461,252	-6,981	0	454,271
	<b>2003</b>	458,300	-8,596	0	449,704
	<b>2004</b>	617,011	-15,405	0	601,606
	<b>2005</b>	558,004	-10,117	0	547,887
	<b>2006</b>	396,892	-5,247	0	391,646
	<b>2007</b>	365,151	-8,008	0	357,143
	<b>2008</b>	584,844	-8,373	0	576,470
	<b>2009</b>	239,562	-4,011	0	235,551
	<b>2010</b>	299,534	-13,447	0	286,087
	<b>2011</b>	304,491	-11,455	0	293,036
	<b>2012</b>	250,939	-10,284	-23	240,632
	<b>2013</b>	49,587	-1,799	-208	47,579

<b>Reported Loss &amp; ALAE</b>	<b>2002</b>	495,838	-7,052	0	488,785
	<b>2003</b>	489,157	-8,779	0	480,378
	<b>2004</b>	683,201	-18,285	0	664,916
	<b>2005</b>	600,990	-11,476	0	589,514
	<b>2006</b>	445,550	-7,430	0	438,120
	<b>2007</b>	409,775	-10,223	0	399,552
	<b>2008</b>	683,819	-11,864	0	671,955
	<b>2009</b>	307,152	-7,652	0	299,500
	<b>2010</b>	373,921	-17,402	0	356,520
	<b>2011</b>	432,919	-16,905	0	416,014
	<b>2012</b>	393,083	-16,357	-53	376,674
	<b>2013</b>	124,577	-6,029	-914	117,635

### iii) Reconciliation of Triangle Classes to Reported Lines of Business

The following tables map triangle classes in this report to the lines of business categories which are included in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

#### Insurance Segment

SEC Lines of Business	Triangle Classes			
	Property, Energy, Marine and Aviation	Third Party Occurrence Business	Third Party Claims-Made Business	All Other
Construction and National Accounts		X		
Excess and Surplus Casualty	X	X		
Lenders				X
Professional Lines			X	
Programs				X
Property, Energy, Marine and Aviation	X			
Travel, Accident and Health				X
Other		X		

#### Reinsurance Segment

SEC Lines of Business	Triangle Classes					
	Casualty	Property Catastrophe	Other Property	Marine/Aviation/Space	Other Specialty	Other Reinsurance
Casualty	X					
Marine and Aviation				X		
Other Specialty					X	
Property Catastrophe		X				
Property excl. Property Catastrophe			X			
Other						X

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**INSURANCE - CONSOLIDATED TOTAL**

**ACCIDENT YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	3,928	7,977	28,872	36,561	49,443	60,198	62,874	65,681	72,776	75,237	77,820	80,482	81,481
2003	57,000	131,028	186,778	239,308	289,618	328,593	352,055	396,379	420,320	434,769	442,720	462,751	
2004	89,075	229,881	328,022	414,614	475,104	553,947	595,191	641,078	659,629	675,949	690,754		
2005	82,270	322,249	416,467	517,689	589,980	636,646	687,522	719,027	747,697	771,525			
2006	93,484	228,103	348,518	453,285	509,534	569,210	598,537	624,717	644,815				
2007	107,671	279,167	433,953	527,372	599,177	692,048	742,466	771,787					
2008	131,300	320,124	474,430	596,067	706,116	779,572	830,015						
2009	118,557	306,036	431,942	527,689	625,588	699,089							
2010	107,328	261,984	376,575	484,124	568,440								
2011	121,603	315,951	458,159	588,724									
2012	130,050	373,900	537,997										
2013	164,269	388,070											
2014	179,713												

Reported Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	9,300	16,849	42,867	50,865	60,236	69,231	71,912	73,342	79,391	81,849	84,763	84,875	85,442
2003	118,988	210,986	276,678	325,911	355,371	383,276	407,879	455,236	466,391	478,733	485,212	496,170	
2004	212,346	364,435	457,931	522,708	569,505	609,886	649,109	675,681	690,312	700,713	715,929		
2005	239,317	535,919	575,713	642,253	674,205	727,825	754,177	778,290	786,519	794,741			
2006	237,130	395,985	489,729	560,530	601,592	638,473	649,681	683,095	689,784				
2007	254,381	479,961	600,957	677,866	731,172	784,000	802,853	823,107					
2008	373,658	614,558	713,285	774,735	834,914	891,358	932,745						
2009	304,821	511,036	600,045	671,411	738,993	792,073							
2010	237,950	452,832	545,781	621,618	670,650								
2011	313,254	548,554	653,051	750,525									
2012	308,886	598,883	744,271										
2013	315,939	585,447											
2014	364,365												

INSURANCE - CONSOLIDATED TOTAL

GROSS	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	701,013	351,880	181,055	186,664				
	2003	1,628,575	1,260,284	627,218	679,404				
	2004	1,955,010	1,851,230	988,233	1,018,786				
	2005	2,141,510	2,085,075	1,718,915	1,752,204				
	2006	2,371,302	2,312,185	937,390	1,007,974				
	2007	2,391,129	2,423,202	1,128,683	1,195,177				
	2008	2,197,830	2,260,705	1,271,735	1,405,801				
	2009	2,259,344	2,266,531	946,460	1,067,840				
	2010	2,119,051	2,160,565	841,055	997,136				
	2011	2,164,120	2,137,314	854,980	1,087,018				
	2012	2,298,769	2,257,881	795,521	1,118,130				
	2013	2,506,081	2,356,145	500,994	762,601				
	2014	2,802,054	2,545,955	227,763	489,521				
	<b>All Years</b>	<b>27,535,786</b>	<b>26,268,951</b>	<b>11,020,002</b>	<b>12,768,255</b>	<b>3,940,466</b>	<b>494,785</b>	<b>17,203,506</b>	<b>65.5%</b>

CEDED	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	354,328	232,591	99,574	101,222				
	2003	507,026	410,346	164,466	183,234				
	2004	645,706	570,409	297,479	302,857				
	2005	797,412	799,730	947,390	957,463				
	2006	909,691	869,495	292,575	318,190				
	2007	873,880	884,153	356,896	372,071				
	2008	774,870	807,152	441,720	473,056				
	2009	772,006	777,167	247,371	275,766				
	2010	695,213	719,930	272,615	326,487				
	2011	680,639	693,475	266,256	336,494				
	2012	728,204	730,886	257,524	373,858				
	2013	710,281	692,364	112,925	177,154				
	2014	803,574	731,073	48,050	125,156				
	<b>All Years</b>	<b>9,252,829</b>	<b>8,918,773</b>	<b>3,804,842</b>	<b>4,323,007</b>	<b>1,214,542</b>	<b>11,809</b>	<b>5,549,357</b>	<b>62.2%</b>

NET	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	346,686	119,289	81,481	85,442				
	2003	1,121,549	849,938	462,751	496,170				
	2004	1,309,303	1,280,821	690,754	715,929				
	2005	1,344,098	1,285,345	771,525	794,741				
	2006	1,461,611	1,442,690	644,815	689,784				
	2007	1,517,248	1,539,049	771,787	823,107				
	2008	1,422,960	1,453,553	830,015	932,745				
	2009	1,487,338	1,489,364	699,089	792,073				
	2010	1,423,839	1,440,635	568,440	670,650				
	2011	1,483,481	1,443,839	588,724	750,525				
	2012	1,570,565	1,526,994	537,997	744,271				
	2013	1,795,800	1,663,780	388,070	585,447				
	2014	1,998,480	1,814,882	179,713	364,365				
	<b>All Years</b>	<b>18,282,957</b>	<b>17,350,178</b>	<b>7,215,160</b>	<b>8,445,248</b>	<b>2,725,924</b>	<b>482,977</b>	<b>11,654,149</b>	<b>67.2%</b>



**ACCIDENT YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	9	754	1,113	1,114	1,112	1,112	1,112	1,114	1,115	1,114	1,114	1,114	1,114
2003	4,229	7,500	13,640	15,298	16,115	16,893	17,081	17,759	18,320	18,325	18,563	18,574	
2004	13,495	66,376	100,707	109,050	112,957	114,756	116,048	117,185	116,165	116,786	116,711		
2005	21,273	179,185	205,200	230,186	248,815	249,278	250,186	251,238	249,223	245,287			
2006	22,823	75,378	104,640	126,256	139,021	144,502	144,082	142,659	142,344				
2007	42,438	105,166	155,900	169,152	175,472	191,832	190,878	195,057					
2008	50,466	127,813	189,879	214,119	243,107	245,263	247,793						
2009	39,990	123,052	149,580	156,844	165,629	175,105							
2010	30,353	69,815	85,127	103,463	111,927								
2011	34,144	94,924	136,791	166,233									
2012	25,416	101,360	144,329										
2013	36,406	87,794											
2014	23,305												

Reported Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	1,181	1,326	1,129	1,114	1,112	1,112	1,112	1,114	1,115	1,114	1,114	1,114	1,114
2003	12,120	17,222	19,291	18,339	18,338	17,926	18,041	19,102	18,722	18,634	18,646	18,663	
2004	72,186	104,555	119,734	119,735	118,700	119,003	119,713	119,507	117,431	117,135	116,952		
2005	115,119	304,489	258,968	260,372	257,813	255,364	254,856	252,974	249,440	245,400			
2006	104,265	149,812	149,784	153,932	155,920	154,486	146,215	144,388	143,712				
2007	120,887	189,280	198,219	197,774	195,423	196,693	196,283	198,709					
2008	210,264	264,544	257,670	256,662	259,446	257,132	254,851						
2009	140,471	192,639	190,353	185,283	183,830	185,929							
2010	85,316	134,148	126,856	126,495	126,966								
2011	138,823	202,255	193,381	200,677									
2012	112,478	206,384	209,742										
2013	84,354	120,447											
2014	87,701												

INSURANCE - PROPERTY, ENERGY, MARINE AND AVIATION

GROSS	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	70,809	23,606	4,257	4,257				
	2003	208,821	151,090	27,838	27,927				
	2004	347,429	279,181	216,624	216,867				
	2005	473,634	429,069	905,042	905,809				
	2006	739,390	651,458	232,559	234,006				
	2007	759,218	762,278	339,661	344,197				
	2008	709,963	722,560	441,852	452,089				
	2009	726,801	722,932	270,917	293,582				
	2010	624,095	660,871	200,355	222,454				
	2011	591,527	591,974	268,939	325,245				
	2012	565,704	594,459	268,190	389,767				
	2013	527,924	559,659	134,814	185,017				
	2014	474,115	473,781	44,664	151,990				
	<b>All Years</b>	<b>6,819,431</b>	<b>6,622,920</b>	<b>3,355,712</b>	<b>3,753,207</b>	<b>276,118</b>	<b>42,409</b>	<b>4,071,733</b>	<b>61.5%</b>

CEDED	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	20,037	6,968	3,142	3,142				
	2003	87,429	65,891	9,264	9,264				
	2004	169,511	123,533	99,913	99,915				
	2005	250,963	237,031	659,755	660,409				
	2006	426,269	366,800	90,214	90,294				
	2007	445,188	440,035	144,604	145,488				
	2008	393,597	406,717	194,059	197,238				
	2009	385,666	397,601	95,813	107,654				
	2010	301,404	325,304	88,429	95,488				
	2011	257,789	270,496	102,706	124,568				
	2012	272,783	283,613	123,862	180,025				
	2013	248,471	257,622	47,020	64,571				
	2014	223,073	233,958	21,359	64,289				
	<b>All Years</b>	<b>3,482,180</b>	<b>3,415,569</b>	<b>1,680,139</b>	<b>1,842,345</b>	<b>112,866</b>	<b>0</b>	<b>1,955,212</b>	<b>57.2%</b>

NET	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	50,772	16,638	1,114	1,114				
	2003	121,393	85,199	18,574	18,663				
	2004	177,918	155,648	116,711	116,952				
	2005	222,671	192,038	245,287	245,400				
	2006	313,121	284,659	142,344	143,712				
	2007	314,030	322,243	195,057	198,709				
	2008	316,366	315,843	247,793	254,851				
	2009	341,136	325,331	175,105	185,929				
	2010	322,691	335,567	111,927	126,966				
	2011	333,738	321,479	166,233	200,677				
	2012	292,921	310,846	144,329	209,742				
	2013	279,452	302,037	87,794	120,447				
	2014	251,043	239,823	23,305	87,701				
	<b>All Years</b>	<b>3,337,251</b>	<b>3,207,351</b>	<b>1,675,573</b>	<b>1,910,861</b>	<b>163,251</b>	<b>42,409</b>	<b>2,116,521</b>	<b>66.0%</b>

**ACCIDENT YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	502	1,941	5,371	8,170	16,868	22,747	25,289	26,342	29,797	30,165	30,447	30,521	31,087
2003	4,078	18,490	33,259	58,214	82,748	102,258	118,176	139,003	155,265	161,737	166,543	173,886	
2004	4,582	16,089	32,630	65,344	97,729	144,513	172,666	194,411	207,055	220,995	232,497		
2005	5,760	19,996	42,862	81,975	120,759	143,662	172,693	190,286	207,237	229,503			
2006	7,669	22,790	44,097	71,324	95,644	122,513	142,803	157,133	167,981				
2007	6,235	29,310	57,956	92,289	128,024	168,627	197,608	209,613					
2008	6,251	21,646	50,034	85,681	119,545	164,994	190,685						
2009	5,684	21,666	46,941	82,629	122,572	153,389							
2010	6,768	27,000	52,432	83,836	120,175								
2011	6,315	25,282	46,599	82,245									
2012	7,183	32,512	63,372										
2013	7,285	32,152											
2014	10,945												

Reported Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	1,146	5,377	10,145	16,816	23,800	27,489	31,335	30,720	31,398	31,663	31,773	31,429	31,933
2003	13,158	33,969	67,510	93,801	111,766	126,637	142,120	163,475	171,745	175,500	177,356	182,753	
2004	11,392	37,042	67,462	108,475	144,442	173,386	196,630	216,068	228,136	237,800	249,273		
2005	20,026	59,268	96,401	135,947	167,408	188,274	204,391	226,066	238,351	247,129			
2006	21,307	52,047	82,202	112,187	131,008	151,432	164,131	176,540	184,851				
2007	21,856	72,589	110,969	152,171	183,258	219,413	234,756	245,186					
2008	32,726	69,203	115,825	149,499	183,706	216,849	236,107						
2009	21,065	53,631	92,238	135,786	171,728	193,208							
2010	20,608	64,113	103,372	136,529	169,843								
2011	22,763	62,034	107,205	151,875									
2012	26,907	69,134	112,907										
2013	28,884	86,236											
2014	36,541												

INSURANCE - THIRD PARTY OCCURRENCE BUSINESS

GROSS	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	177,976	53,032	47,913	48,623				
	2003	525,227	383,966	266,547	278,536				
	2004	637,855	593,930	359,330	378,857				
	2005	638,720	648,102	367,266	392,811				
	2006	602,937	631,311	244,379	263,797				
	2007	618,683	619,422	323,532	366,297				
	2008	552,560	595,043	328,862	375,731				
	2009	548,284	569,080	244,052	290,380				
	2010	540,382	533,288	263,718	346,024				
	2011	614,544	593,464	199,179	308,112				
	2012	634,241	631,482	166,367	249,216				
	2013	740,212	664,629	78,869	169,453				
	2014	949,294	859,042	31,634	82,986				
	<b>All Years</b>	<b>7,780,917</b>	<b>7,375,791</b>	<b>2,921,645</b>	<b>3,550,823</b>	<b>1,862,401</b>	<b>192,139</b>	<b>5,605,362</b>	<b>76.0%</b>

CEDED	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	78,514	25,637	16,825	16,690				
	2003	184,218	153,457	92,661	95,783				
	2004	225,850	210,727	126,832	129,583				
	2005	221,386	224,117	137,763	145,682				
	2006	211,237	220,228	76,398	78,946				
	2007	193,556	202,724	113,919	121,111				
	2008	184,979	192,365	138,177	139,624				
	2009	177,756	181,880	90,663	97,172				
	2010	204,769	193,910	143,542	176,182				
	2011	247,666	238,448	116,933	156,237				
	2012	260,199	256,572	102,995	136,309				
	2013	239,030	232,334	46,717	83,217				
	2014	343,645	301,593	20,689	46,445				
	<b>All Years</b>	<b>2,772,804</b>	<b>2,633,993</b>	<b>1,224,114</b>	<b>1,422,981</b>	<b>587,186</b>	<b>8,824</b>	<b>2,018,991</b>	<b>76.7%</b>

NET	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	99,462	27,395	31,087	31,933				
	2003	341,009	230,508	173,886	182,753				
	2004	412,006	383,202	232,497	249,273				
	2005	417,334	423,985	229,503	247,129				
	2006	391,700	411,082	167,981	184,851				
	2007	425,127	416,698	209,613	245,186				
	2008	367,581	402,678	190,685	236,107				
	2009	370,528	387,201	153,389	193,208				
	2010	335,613	339,378	120,175	169,843				
	2011	366,879	355,016	82,245	151,875				
	2012	374,042	374,910	63,372	112,907				
	2013	501,183	432,295	32,152	86,236				
	2014	605,649	557,448	10,945	36,541				
	<b>All Years</b>	<b>5,008,113</b>	<b>4,741,797</b>	<b>1,697,532</b>	<b>2,127,842</b>	<b>1,275,215</b>	<b>183,315</b>	<b>3,586,371</b>	<b>75.6%</b>

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**INSURANCE - THIRD PARTY CLAIMS-MADE BUSINESS**

**ACCIDENT YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	2	297	618	1,110	1,195	1,210	1,201	2,734	2,647	2,691	2,813	2,897	2,961
2003	1,074	6,761	9,523	11,930	16,886	20,290	24,445	28,709	30,604	30,960	31,541	32,050	
2004	6,777	24,740	45,354	65,392	74,975	91,294	98,856	116,884	119,148	120,263	120,244		
2005	671	28,353	52,897	68,201	76,194	84,260	98,240	108,783	121,660	125,143			
2006	6,306	39,528	89,389	131,065	146,835	167,040	174,671	178,999	188,023				
2007	7,075	43,783	90,533	118,707	137,717	165,582	183,157	189,865					
2008	13,881	54,844	102,467	138,052	164,934	187,436	198,457						
2009	7,373	39,670	76,558	107,821	143,158	156,178							
2010	9,614	52,126	91,593	115,986	134,113								
2011	10,203	52,621	97,551	122,954									
2012	11,570	46,029	79,008										
2013	12,791	61,982											
2014	10,826												

Reported Loss & ALAE	Age in Months												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002	80	638	3,563	1,572	1,303	2,867	3,094	5,406	5,355	5,355	5,540	3,010	3,010
2003	7,861	18,791	23,366	30,305	33,607	37,591	47,195	49,756	50,190	50,552	51,413	44,577	
2004	28,035	58,547	82,982	95,830	97,678	106,654	118,950	122,654	123,921	123,951	123,835		
2005	24,942	53,155	79,356	86,132	86,851	113,886	122,354	125,873	125,649	127,209			
2006	31,436	79,307	123,670	151,968	175,557	191,207	195,359	211,649	212,212				
2007	32,302	77,902	128,732	161,169	181,213	193,144	196,220	198,841					
2008	41,995	126,504	166,930	181,113	196,387	221,519	238,291						
2009	33,568	89,524	118,643	140,761	170,116	186,583							
2010	40,252	97,432	128,786	148,268	151,598								
2011	38,403	91,544	124,873	145,571									
2012	35,953	70,981	122,841										
2013	44,578	102,933											
2014	38,894												

INSURANCE - THIRD PARTY CLAIMS-MADE BUSINESS

GROSS	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	136,024	43,746	3,654	3,703				
	2003	433,612	314,217	45,283	66,411				
	2004	549,724	527,622	153,390	157,543				
	2005	590,816	562,467	195,312	197,718				
	2006	623,404	616,649	268,058	314,674				
	2007	590,242	599,068	273,393	289,240				
	2008	529,714	540,581	297,197	363,446				
	2009	550,643	541,309	213,167	253,577				
	2010	501,363	518,482	172,866	204,501				
	2011	468,725	483,918	168,007	199,523				
	2012	523,819	508,035	101,387	170,649				
	2013	555,465	537,699	73,901	123,857				
	2014	595,493	558,542	13,459	47,194				
	<b>All Years</b>	<b>6,649,044</b>	<b>6,352,334</b>	<b>1,979,073</b>	<b>2,392,037</b>	<b>1,263,130</b>	<b>132,129</b>	<b>3,787,295</b>	<b>59.6%</b>

CEDED	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	42,484	14,379	693	693				
	2003	175,569	117,998	13,233	21,833				
	2004	194,851	187,067	33,145	33,708				
	2005	207,363	204,069	70,169	70,509				
	2006	188,619	188,532	80,035	102,462				
	2007	193,164	190,485	83,528	90,400				
	2008	177,099	180,592	98,740	125,155				
	2009	200,241	187,623	56,988	66,994				
	2010	180,272	190,668	38,753	52,902				
	2011	161,413	171,821	45,052	53,951				
	2012	169,702	170,847	22,379	47,808				
	2013	173,908	170,881	11,919	20,925				
	2014	186,036	174,894	2,633	8,301				
	<b>All Years</b>	<b>2,250,721</b>	<b>2,149,855</b>	<b>557,268</b>	<b>695,642</b>	<b>489,244</b>	<b>0</b>	<b>1,184,886</b>	<b>55.1%</b>

NET	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	93,540	29,368	2,961	3,010				
	2003	258,043	196,219	32,050	44,577				
	2004	354,872	340,555	120,244	123,835				
	2005	383,453	358,399	125,143	127,209				
	2006	434,785	428,117	188,023	212,212				
	2007	397,079	408,583	189,865	198,841				
	2008	352,616	359,988	198,457	238,291				
	2009	350,402	353,686	156,178	186,583				
	2010	321,091	327,814	134,113	151,598				
	2011	307,312	312,098	122,954	145,571				
	2012	354,116	337,188	79,008	122,841				
	2013	381,558	366,818	61,982	102,933				
	2014	409,457	383,648	10,826	38,894				
	<b>All Years</b>	<b>4,398,323</b>	<b>4,202,479</b>	<b>1,421,805</b>	<b>1,696,395</b>	<b>773,885</b>	<b>132,129</b>	<b>2,602,409</b>	<b>61.9%</b>

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**INSURANCE - ALL OTHER**

**ACCIDENT YEAR TRIANGLE**

		Age in Months												
Paid Loss & ALAE		12	24	36	48	60	72	84	96	108	120	132	144	156
2002		3,415	4,985	21,770	26,167	30,267	35,129	35,271	35,492	39,218	41,267	43,445	45,949	46,318
2003		47,619	98,277	130,356	153,866	173,869	189,152	192,352	210,908	216,131	223,748	226,072	238,241	
2004		64,221	122,675	149,331	174,828	189,443	203,385	207,620	212,598	217,261	217,905	221,300		
2005		54,565	94,715	115,508	137,326	144,211	159,446	166,402	168,719	169,577	171,592			
2006		56,687	90,407	110,392	124,640	128,034	135,155	136,981	145,926	146,467				
2007		51,923	100,909	129,564	147,224	157,963	166,007	170,823	177,252					
2008		60,703	115,821	132,050	158,215	178,529	181,879	193,081						
2009		65,509	121,648	158,862	180,395	194,229	214,417							
2010		60,593	113,043	147,424	180,839	202,225								
2011		70,940	143,125	177,219	217,291									
2012		85,880	193,999	251,288										
2013		107,786	206,141											
2014		134,637												

Reported Loss & ALAE		12	24	36	48	60	72	84	96	108	120	132	144	156
2002		6,893	9,507	28,030	31,364	34,021	37,764	36,371	36,102	41,523	43,717	46,335	49,321	49,384
2003		85,848	141,004	166,510	183,466	191,661	201,123	200,524	222,903	225,735	234,046	237,797	250,177	
2004		100,733	164,291	187,752	198,668	208,685	210,843	213,816	217,452	220,822	221,828	225,869		
2005		79,231	119,007	140,987	159,803	162,133	170,300	172,577	173,377	173,080	175,003			
2006		80,123	114,819	134,073	142,443	139,107	141,348	143,975	150,518	149,010				
2007		79,337	140,189	163,037	166,752	171,279	174,751	175,594	180,371					
2008		88,673	154,306	172,860	187,461	195,375	195,858	203,496						
2009		109,717	175,242	198,810	209,580	213,320	226,353							
2010		91,774	157,139	186,767	210,326	222,243								
2011		113,264	192,721	227,592	252,402									
2012		133,548	252,384	298,782										
2013		158,123	275,832											
2014		201,229												

ACGL GLOBAL LOSS TRIANGLES  
 ITD Accident Year Exhibit  
 Data as of 12/31/2014 in \$US thousands

INSURANCE - ALL OTHER

GROSS	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	316,204	231,495	125,231	130,081				
2003	460,914	411,011	287,549	306,530					
2004	420,002	450,498	258,889	265,520					
2005	438,340	445,437	251,295	255,865					
2006	405,570	412,767	192,395	195,497					
2007	422,985	442,432	192,097	195,443					
2008	405,593	402,520	203,825	214,535					
2009	433,615	433,210	218,324	230,300					
2010	453,212	447,924	204,116	224,157					
2011	489,323	467,958	218,856	254,139					
2012	575,004	523,905	259,577	308,498					
2013	682,479	594,157	213,410	284,273					
2014	783,152	654,591	138,007	207,350					
<b>All Years</b>	<b>6,286,395</b>	<b>5,917,907</b>	<b>2,763,571</b>	<b>3,072,189</b>	<b>538,818</b>	<b>128,109</b>	<b>3,739,116</b>	<b>63.2%</b>	

CEDED	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	213,293	185,607	78,913	80,697				
2003	59,810	73,000	49,308	56,353					
2004	55,495	49,082	37,589	39,651					
2005	117,699	134,514	79,703	80,862					
2006	83,565	93,935	45,928	46,487					
2007	41,973	50,908	14,845	15,073					
2008	19,196	27,477	10,744	11,038					
2009	8,343	10,064	3,907	3,947					
2010	8,768	10,048	1,891	1,914					
2011	13,771	12,711	1,565	1,737					
2012	25,520	19,855	8,289	9,717					
2013	48,872	31,526	7,269	8,442					
2014	50,820	20,628	3,370	6,121					
<b>All Years</b>	<b>747,124</b>	<b>719,356</b>	<b>343,321</b>	<b>362,039</b>	<b>25,245</b>	<b>2,985</b>	<b>390,268</b>	<b>54.3%</b>	

NET	<u>Accident Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	102,911	45,888	46,318	49,384				
2003	401,104	338,011	238,241	250,177					
2004	364,507	401,416	221,300	225,869					
2005	320,640	310,923	171,592	175,003					
2006	322,005	318,832	146,467	149,010					
2007	381,012	391,524	177,252	180,371					
2008	386,397	375,043	193,081	203,496					
2009	425,273	423,147	214,417	226,353					
2010	444,444	437,876	202,225	222,243					
2011	475,552	455,246	217,291	252,402					
2012	549,485	504,050	251,288	298,782					
2013	633,608	562,631	206,141	275,832					
2014	732,332	633,963	134,637	201,229					
<b>All Years</b>	<b>5,539,270</b>	<b>5,198,551</b>	<b>2,420,250</b>	<b>2,710,150</b>	<b>513,573</b>	<b>125,125</b>	<b>3,348,847</b>	<b>64.4%</b>	



Accident Year Basis

GROSS	Paid Loss & ALAE			Reported Loss & ALAE			
	<u>Accident Year</u>	<u>Property Segment*</u>	<u>"All Other" Segment</u>	<u>Total</u>	<u>Property Segment*</u>	<u>"All Other" Segment</u>	<u>Total</u>
	2004	128,611	155	128,765	128,611	155	128,765
	2005	718,800	3,944	722,744	719,454	3,944	723,398
	2008	154,253	1,718	155,970	155,517	1,718	157,235
	2010	10,925	0	10,925	11,275	0	11,275
	2011	67,007	719	67,726	89,060	719	89,780
	2012	101,421	12,435	113,856	168,375	12,828	181,202
	<b>All Acc Years</b>	<b>1,181,017</b>	<b>18,970</b>	<b>1,199,987</b>	<b>1,272,293</b>	<b>19,363</b>	<b>1,291,656</b>
CEDED	<u>Accident Year</u>	<u>Property Segment*</u>	<u>"All Other" Segment</u>	<u>Total</u>	<u>Property Segment*</u>	<u>"All Other" Segment</u>	<u>Total</u>
	2004	76,821	19	76,840	76,821	19	76,840
	2005	584,093	1,961	586,054	584,732	1,961	586,693
	2008	82,717	33	82,751	83,844	33	83,877
	2010	3,025	0	3,025	3,288	0	3,288
	2011	19,871	2	19,873	32,806	2	32,808
	2012	56,252	62	56,314	90,888	62	90,950
	<b>All Acc Years</b>	<b>822,780</b>	<b>2,077</b>	<b>824,857</b>	<b>872,379</b>	<b>2,077</b>	<b>874,456</b>
NET	<u>Accident Year</u>	<u>Property Segment*</u>	<u>"All Other" Segment</u>	<u>Total</u>	<u>Property Segment*</u>	<u>"All Other" Segment</u>	<u>Total</u>
	2004	51,789	136	51,925	51,789	136	51,925
	2005	134,707	1,983	136,690	134,722	1,983	136,705
	2008	71,535	1,684	73,220	71,674	1,684	73,358
	2010	7,900	0	7,900	7,988	0	7,988
	2011	47,136	717	47,853	56,255	717	56,972
	2012	45,169	12,373	57,542	77,487	12,766	90,253
	<b>All Acc Years</b>	<b>358,237</b>	<b>16,893</b>	<b>375,130</b>	<b>399,914</b>	<b>17,286</b>	<b>417,200</b>

Note:  
 \* Refers to the Property, Energy, Marine and Aviation Insurance segment  
 Specific Accident Year 2004 events include: Charley, Frances, Ivan and Jeanne  
 Specific Accident Year 2005 events include: Katrina, Rita and Wilma  
 Specific Accident Year 2008 events include: Gustav and Ike  
 Specific Accident Year 2010 events include: Chilean and New Zealand Darfield Earthquakes  
 Specific Accident Year 2011 events include: Severe flooding in Thailand and Queensland, Australia, the Japanese Earthquake and Tsunami, the New Zealand Lyttelton Earthquake and various U.S. wind/rain events  
 Specific Accident Year 2012 events include: Sandy

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**REINSURANCE - CONSOLIDATED TOTAL**

**UNDERWRITING YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	27,658	120,289	191,353	263,264	323,350	364,390	391,807	419,124	437,555	443,630	448,420	454,271	463,135
2003	42,906	150,784	225,308	284,995	342,635	373,027	395,514	416,172	433,915	442,909	449,704	456,374	
2004	90,862	216,146	308,362	384,485	452,064	499,900	546,072	576,216	586,983	601,606	607,875		
2005	55,645	180,351	299,781	386,158	442,384	474,687	510,145	532,137	547,887	554,254			
2006	30,617	118,747	189,508	259,595	301,965	348,560	365,691	391,646	411,228				
2007	32,442	101,325	176,230	227,353	293,550	328,582	357,143	376,352					
2008	92,477	270,250	387,042	457,728	513,473	576,470	626,260						
2009	24,765	104,800	164,423	206,972	235,551	255,971							
2010	13,728	152,770	234,803	286,087	317,063								
2011	50,443	171,877	293,036	360,100									
2012	66,788	240,631	322,293										
2013	47,580	181,226											
2014	53,574												

Reported Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	117,071	236,510	327,335	400,622	439,091	463,478	471,668	470,734	473,679	469,733	482,683	488,785	493,196
2003	107,491	253,420	329,982	400,507	428,439	446,149	456,798	472,187	475,190	480,071	480,378	477,353	
2004	146,106	394,131	491,282	570,464	614,716	636,585	646,893	651,848	661,709	664,916	671,729		
2005	192,634	358,148	445,865	505,969	531,747	558,684	579,656	585,662	589,514	585,391			
2006	75,883	204,075	295,050	354,688	378,047	416,189	423,584	438,120	447,429				
2007	81,469	183,075	294,796	331,255	365,381	385,319	399,552	430,481					
2008	205,602	494,989	578,809	608,194	640,028	671,955	698,976						
2009	80,147	214,427	268,961	294,788	299,500	315,457							
2010	82,770	297,659	347,312	356,520	370,687								
2011	180,111	319,378	416,014	444,643									
2012	224,156	376,674	430,950										
2013	117,635	304,606											
2014	177,902												

ACGL GLOBAL LOSS TRIANGLES  
 ITD Underwriting Year Exhibit  
 Data as of 12/31/2014 in \$US thousands

REINSURANCE - CONSOLIDATED TOTAL

GROSS	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	1,142,920	1,142,919	475,879	505,946				
	2003	1,430,918	1,430,918	469,758	492,165				
	2004	1,463,166	1,463,165	709,632	775,086				
	2005	1,397,868	1,397,868	735,862	768,219				
	2006	1,455,279	1,455,279	501,144	541,569				
	2007	1,370,659	1,370,635	469,468	529,338				
	2008	1,106,308	1,106,293	645,185	717,995				
	2009	969,247	968,988	258,145	317,636				
	2010	861,824	861,469	387,550	450,201				
	2011	1,097,232	1,094,390	363,044	459,762				
	2012	1,048,241	1,118,182	337,996	449,750				
	2013	1,374,693	1,289,337	185,784	315,230				
	2014	1,202,742	654,259	57,586	204,056				
	<b>All Years</b>	<b>15,921,098</b>	<b>15,353,702</b>	<b>5,597,034</b>	<b>6,526,954</b>	<b>1,750,322</b>	<b>21,770</b>	<b>8,299,046</b>	<b>54.1%</b>

CEDED	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	28,435	28,435	12,744	12,750				
	2003	41,259	41,259	13,384	14,811				
	2004	70,529	70,529	101,757	103,357				
	2005	94,800	94,800	181,608	182,828				
	2006	344,153	344,165	89,916	94,140				
	2007	316,844	316,844	93,116	98,857				
	2008	19,564	19,554	18,925	19,019				
	2009	28,605	28,605	2,174	2,179				
	2010	27,157	27,157	70,487	79,515				
	2011	48,295	48,295	2,944	15,119				
	2012	47,103	58,352	15,703	18,800				
	2013	80,218	79,594	4,558	10,624				
	2014	259,292	145,883	4,012	26,155				
	<b>All Years</b>	<b>1,406,255</b>	<b>1,303,472</b>	<b>611,327</b>	<b>678,155</b>	<b>71,815</b>	<b>0</b>	<b>749,970</b>	<b>57.5%</b>

NET	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	1,114,485	1,114,483	463,135	493,196				
	2003	1,389,659	1,389,659	456,374	477,353				
	2004	1,392,637	1,392,636	607,875	671,729				
	2005	1,303,068	1,303,068	554,254	585,391				
	2006	1,111,126	1,111,115	411,228	447,429				
	2007	1,053,816	1,053,791	376,352	430,481				
	2008	1,086,744	1,086,739	626,260	698,976				
	2009	940,642	940,383	255,971	315,457				
	2010	834,667	834,312	317,063	370,687				
	2011	1,048,937	1,046,095	360,100	444,643				
	2012	1,001,138	1,059,830	322,293	430,950				
	2013	1,294,475	1,209,743	181,226	304,606				
	2014	943,450	508,376	53,574	177,902				
	<b>All Years</b>	<b>14,514,843</b>	<b>14,050,230</b>	<b>4,985,707</b>	<b>5,848,799</b>	<b>1,678,507</b>	<b>21,770</b>	<b>7,549,076</b>	<b>53.7%</b>

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**REINSURANCE - CASUALTY**

**UNDERWRITING YEAR TRIANGLE**

		Age in Months												
<b>Paid Loss &amp; ALAE</b>		<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002		8,382	27,937	44,595	78,239	119,503	147,547	171,081	192,795	209,226	214,285	218,360	224,165	232,914
2003		4,078	19,092	34,792	64,915	106,277	130,928	149,668	168,194	184,917	193,388	199,331	204,841	
2004		2,901	27,026	53,846	95,061	139,866	177,461	218,805	245,570	254,775	268,859	274,891		
2005		1,365	19,355	44,363	74,027	103,908	126,470	152,796	170,310	185,648	192,904			
2006		1,866	20,749	41,365	75,315	101,436	139,701	150,915	172,103	189,550				
2007		-13	11,824	33,922	67,315	118,916	144,975	169,850	188,107					
2008		-606	10,066	26,000	42,590	61,988	98,765	140,822						
2009		-365	8,484	27,270	49,342	69,634	84,138							
2010		-6,315	3,191	13,139	23,526	39,795								
2011		-202	3,509	10,694	23,310									
2012		100	4,759	10,749										
2013		591	7,000											
2014		611												
<b>Reported Loss &amp; ALAE</b>		<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002		24,467	62,888	107,799	156,687	192,522	220,079	230,665	233,011	234,813	231,621	247,694	254,697	259,588
2003		12,426	49,037	89,002	136,931	166,077	185,920	198,968	214,603	219,000	224,914	222,702	220,460	
2004		18,536	122,708	149,297	224,025	267,525	293,840	305,437	312,735	322,245	326,036	333,407		
2005		39,404	42,469	87,942	132,754	157,628	183,500	202,461	209,925	216,682	218,362			
2006		13,734	49,085	84,629	130,466	153,809	192,330	198,422	212,012	222,573				
2007		11,526	33,426	95,391	138,480	168,946	189,364	203,937	235,743					
2008		5,880	53,963	87,164	110,514	135,176	166,515	198,425						
2009		16,059	47,748	76,291	98,019	108,677	122,800							
2010		1,995	20,371	41,643	51,804	63,611								
2011		4,764	18,054	30,802	50,892									
2012		4,572	19,922	33,851										
2013		8,592	25,478											
2014		16,342												

REINSURANCE - CASUALTY

GROSS	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		459,989	459,989	241,394	268,074				
2003		718,554	718,554	207,751	223,387				
2004		824,379	824,378	282,712	341,294				
2005		690,755	690,755	219,839	245,630				
2006		496,633	496,633	205,256	241,338				
2007		452,854	452,847	211,280	263,155				
2008		309,863	309,848	152,822	210,425				
2009		257,733	257,474	84,138	122,800				
2010		173,996	173,860	39,795	63,611				
2011		187,265	186,441	23,310	50,892				
2012		197,371	195,533	10,749	33,851				
2013		307,396	275,531	7,000	25,478				
2014		373,194	173,663	1,377	23,942				
<b>All Years</b>		<b>5,449,982</b>	<b>5,215,505</b>	<b>1,687,424</b>	<b>2,113,876</b>	<b>1,081,238</b>	<b>15,372</b>	<b>3,210,486</b>	<b>61.6%</b>

  

CEDED	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		9,419	9,419	8,480	8,487				
2003		5,674	5,674	2,910	2,927				
2004		6,572	6,572	7,821	7,887				
2005		14,651	14,651	26,935	27,268				
2006		8,491	8,491	15,706	18,765				
2007		7,063	7,063	23,173	27,412				
2008		3,490	3,490	12,000	12,000				
2009		112	112	0	0				
2010		104	104	0	0				
2011		0	0	0	0				
2012		0	0	0	0				
2013		2	2	0	0				
2014		149,559	63,353	766	7,599				
<b>All Years</b>		<b>205,136</b>	<b>118,930</b>	<b>97,791</b>	<b>112,344</b>	<b>35,981</b>	<b>0</b>	<b>148,325</b>	<b>124.7%</b>

  

NET	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		450,570	450,570	232,914	259,588				
2003		712,879	712,879	204,841	220,460				
2004		817,807	817,806	274,891	333,407				
2005		676,104	676,104	192,904	218,362				
2006		488,142	488,142	189,550	222,573				
2007		445,791	445,784	188,107	235,743				
2008		306,373	306,358	140,822	198,425				
2009		257,622	257,363	84,138	122,800				
2010		173,892	173,756	39,795	63,611				
2011		187,265	186,441	23,310	50,892				
2012		197,371	195,533	10,749	33,851				
2013		307,394	275,529	7,000	25,478				
2014		223,635	110,310	611	16,342				
<b>All Years</b>		<b>5,244,846</b>	<b>5,096,575</b>	<b>1,589,633</b>	<b>2,001,531</b>	<b>1,045,258</b>	<b>15,372</b>	<b>3,062,161</b>	<b>60.1%</b>

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**REINSURANCE - PROPERTY CATASTROPHE**

**UNDERWRITING YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	8,073	19,130	22,977	24,393	24,842	25,096	25,259	25,268	25,375	25,409	25,423	25,424	25,426
2003	9,162	24,428	26,680	27,028	27,004	27,577	27,720	27,998	28,024	28,024	28,024	28,024	
2004	27,744	50,644	58,702	58,967	58,774	58,620	58,625	58,533	58,578	58,543	58,549		
2005	26,445	43,840	69,239	76,077	80,839	82,338	82,878	83,289	84,391	84,293			
2006	6,578	11,187	13,330	14,110	14,315	14,380	14,445	14,462	14,487				
2007	10,456	20,420	25,052	25,429	25,829	27,463	27,888	27,951					
2008	50,069	84,130	95,361	103,839	117,603	125,296	126,742						
2009	2,647	8,309	15,085	18,900	20,436	20,812							
2010	5,122	65,593	76,057	101,984	109,753								
2011	13,068	31,987	43,282	55,105									
2012	25,673	73,666	85,232										
2013	8,687	15,768											
2014	13,164												

Reported Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	36,534	34,404	32,390	31,012	28,483	27,607	26,803	25,984	25,911	25,937	25,918	25,908	25,890
2003	35,186	33,469	29,367	29,367	28,791	27,954	27,974	28,176	28,182	28,064	28,064	28,043	
2004	47,503	65,602	67,371	62,360	60,830	59,281	59,106	59,107	58,694	58,655	58,630		
2005	51,926	100,373	99,198	94,494	90,393	90,768	88,319	87,067	86,663	86,169			
2006	10,873	17,691	16,759	15,077	14,752	14,617	14,654	14,549	14,569				
2007	24,357	27,063	29,769	27,061	27,281	29,382	28,687	28,679					
2008	84,233	114,573	125,332	133,792	135,174	131,429	131,054						
2009	8,268	27,426	23,868	23,367	23,186	22,903							
2010	41,892	123,408	127,072	121,892	122,626								
2011	78,562	75,783	72,848	69,081									
2012	102,929	115,060	107,923										
2013	28,606	30,732											
2014	24,555												

REINSURANCE - PROPERTY CATASTROPHE

GROSS	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	113,804	113,804	25,426	25,890				
	2003	107,389	107,389	28,024	28,043				
	2004	110,094	110,094	77,102	77,275				
	2005	108,741	108,741	131,789	133,858				
	2006	267,399	267,399	19,581	19,734				
	2007	337,700	337,707	41,262	42,260				
	2008	227,024	227,024	126,742	131,054				
	2009	239,736	239,736	20,812	22,903				
	2010	211,839	211,839	171,516	193,376				
	2011	247,228	247,228	55,105	69,081				
	2012	292,447	292,447	88,126	111,023				
	2013	251,259	250,922	16,806	33,498				
	2014	204,269	144,955	14,100	32,016				
	All Years	2,718,931	2,659,286	816,391	920,011	50,942	589	971,542	36.5%

CEDED	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	575	575	0	0				
	2003	3,837	3,837	0	0				
	2004	12,398	12,398	18,553	18,645				
	2005	19,773	19,773	47,496	47,689				
	2006	134,421	134,421	5,094	5,165				
	2007	141,803	141,803	13,311	13,581				
	2008	0	0	0	0				
	2009	2,500	2,500	0	0				
	2010	14,359	14,359	61,763	70,750				
	2011	12,191	12,191	0	0				
	2012	23,046	23,046	2,894	3,101				
	2013	46,701	46,684	1,039	2,766				
	2014	73,125	63,839	936	7,462				
	All Years	484,729	475,425	151,085	169,159	10,049	0	179,208	37.7%

NET	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	113,229	113,229	25,426	25,890				
	2003	103,552	103,552	28,024	28,043				
	2004	97,697	97,697	58,549	58,630				
	2005	88,968	88,968	84,293	86,169				
	2006	132,978	132,978	14,487	14,569				
	2007	195,897	195,903	27,951	28,679				
	2008	227,024	227,024	126,742	131,054				
	2009	237,236	237,236	20,812	22,903				
	2010	197,480	197,480	109,753	122,626				
	2011	235,037	235,037	55,105	69,081				
	2012	269,401	269,401	85,232	107,923				
	2013	204,558	204,238	15,768	30,732				
	2014	131,144	81,116	13,164	24,555				
	All Years	2,234,202	2,183,860	665,306	750,852	40,893	589	792,334	36.3%

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**REINSURANCE - OTHER PROPERTY**

**UNDERWRITING YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	5,605	36,347	57,072	73,820	80,949	83,365	84,238	86,528	86,580	87,112	87,503	87,593	87,605
2003	23,708	71,391	98,781	116,582	125,414	128,951	131,376	132,300	132,867	133,541	133,889	134,129	
2004	57,922	102,342	123,752	143,671	149,942	156,843	158,943	159,456	160,098	160,449	160,556		
2005	21,872	66,039	98,660	118,050	130,271	133,494	139,017	141,655	140,367	139,834			
2006	21,128	67,732	96,020	117,828	126,670	130,263	133,176	135,584	136,050				
2007	20,478	52,800	71,247	77,902	84,939	87,855	88,955	88,913					
2008	40,001	133,219	175,524	192,450	199,066	204,417	205,992						
2009	20,135	64,164	90,906	104,067	109,515	113,360							
2010	14,947	52,750	94,978	102,201	104,667								
2011	27,171	70,838	106,408	115,129									
2012	13,480	52,859	67,203										
2013	17,649	37,107											
2014	23,666												

Reported Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	28,878	70,374	90,759	88,737	90,945	89,948	88,982	90,160	89,547	89,551	88,622	88,148	87,845
2003	43,230	111,239	121,927	137,498	135,901	135,961	135,493	135,903	134,912	134,907	134,908	134,575	
2004	58,849	121,134	152,130	160,356	161,440	162,607	162,318	162,103	162,448	161,872	160,890		
2005	34,833	105,107	127,260	138,594	141,875	142,458	145,968	146,029	145,782	141,814			
2006	44,664	103,060	132,639	139,635	137,994	136,953	137,251	137,206	136,891				
2007	37,829	79,444	89,966	88,797	92,749	90,710	91,071	90,573					
2008	79,419	179,574	204,545	207,905	210,568	211,464	210,582						
2009	51,542	105,571	125,040	130,769	127,050	128,900							
2010	30,106	96,886	110,179	109,591	109,084								
2011	71,817	104,429	118,393	120,807									
2012	53,953	84,671	96,180										
2013	38,783	68,270											
2014	101,007												



ACGL GLOBAL LOSS TRIANGLES  
 ITD Underwriting Year Exhibit  
 Data as of 12/31/2014 in \$US thousands

REINSURANCE - OTHER PROPERTY

GROSS	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		260,435	260,435	90,602	90,842				
2003		311,883	311,883	141,271	141,719				
2004		262,743	262,743	208,430	208,933				
2005		329,862	329,862	199,670	201,915				
2006		438,717	438,717	192,528	193,779				
2007		340,634	340,634	117,574	119,657				
2008		399,187	399,187	206,531	211,123				
2009		311,741	311,741	115,455	130,995				
2010		243,425	243,213	110,823	115,241				
2011		241,817	241,809	118,048	123,725				
2012		248,599	245,846	69,387	98,364				
2013		276,560	260,624	39,604	71,801				
2014		291,665	150,240	25,892	111,884				
All Years		3,957,270	3,796,935	1,635,815	1,819,977	162,611	3,413	1,986,001	52.3%

CEDED	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		12,882	12,882	2,997	2,997				
2003		15,142	15,142	7,142	7,144				
2004		26,207	26,207	47,874	48,043				
2005		28,824	28,824	59,836	60,101				
2006		157,368	157,368	56,477	56,888				
2007		111,599	111,599	28,661	29,084				
2008		11,856	11,856	539	540				
2009		13,022	13,022	2,095	2,095				
2010		11,428	11,428	6,157	6,157				
2011		11,992	11,992	2,919	2,919				
2012		13,370	13,370	2,184	2,184				
2013		15,849	15,381	2,497	3,531				
2014		17,849	7,291	2,227	10,877				
All Years		447,389	436,363	221,603	232,558	7,260	0	239,818	55.0%

NET	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		247,552	247,552	87,605	87,845				
2003		296,742	296,742	134,129	134,575				
2004		236,537	236,537	160,556	160,890				
2005		301,038	301,038	139,834	141,814				
2006		281,349	281,349	136,050	136,891				
2007		229,035	229,035	88,913	90,573				
2008		387,330	387,330	205,992	210,582				
2009		298,719	298,719	113,360	128,900				
2010		231,997	231,785	104,667	109,084				
2011		229,825	229,817	115,129	120,807				
2012		235,229	232,476	67,203	96,180				
2013		260,711	245,244	37,107	68,270				
2014		273,817	142,948	23,666	101,007				
All Years		3,509,882	3,360,572	1,414,212	1,587,419	155,351	3,413	1,746,183	52.0%

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**REINSURANCE - MARINE/AVIATION/SPACE**

**UNDERWRITING YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	140	5,975	11,455	14,431	16,617	18,519	19,745	20,450	20,606	21,026	21,089	20,930	20,938
2003	328	6,735	14,794	21,128	25,301	26,545	27,460	27,777	28,187	28,041	28,543	28,713	
2004	1,179	19,324	37,585	48,783	53,982	57,706	60,367	63,869	63,914	64,260	64,428		
2005	2,008	31,972	58,980	84,147	92,789	98,421	101,157	102,373	103,197	103,926			
2006	803	12,008	26,465	35,316	40,697	44,114	46,594	48,389	49,878				
2007	754	9,360	32,187	41,811	47,675	51,860	53,381	54,259					
2008	2,415	29,478	62,395	89,516	104,651	115,877	118,274						
2009	1,706	12,056	17,632	21,331	22,557	23,950							
2010	-1,879	1,686	10,434	14,769	17,129								
2011	29	1,348	5,025	13,431									
2012	251	9,327	23,128										
2013	978	8,792											
2014	70												

Reported Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	7,687	17,097	20,177	22,655	24,146	23,969	23,985	23,462	23,732	23,999	22,713	22,471	22,438
2003	5,276	16,508	27,803	34,360	33,782	32,845	32,333	31,667	31,817	31,211	31,287	31,355	
2004	11,496	45,889	65,536	68,231	70,721	69,839	69,389	68,526	67,987	67,071	66,848		
2005	46,497	78,947	95,542	103,516	105,678	106,895	107,121	106,756	105,604	105,688			
2006	2,896	23,632	46,682	50,504	51,130	51,371	51,655	51,220	51,755				
2007	5,310	32,410	62,882	59,681	58,671	58,220	57,619	57,643					
2008	34,215	120,151	131,192	123,021	123,616	124,393	122,013						
2009	2,621	20,490	28,361	27,544	25,462	25,444							
2010	4,140	20,868	24,826	26,325	27,171								
2011	3,015	17,629	23,863	24,893									
2012	12,969	25,707	34,384										
2013	2,088	15,317											
2014	688												

REINSURANCE - MARINE/AVIATION/SPACE

GROSS	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	66,330	66,329	20,938	22,438				
	2003	101,217	101,217	31,797	35,847				
	2004	109,134	109,134	89,557	93,249				
	2005	147,554	147,554	151,267	153,458				
	2006	142,928	142,928	62,517	65,078				
	2007	153,706	153,706	82,231	86,423				
	2008	91,344	91,344	124,660	128,492				
	2009	79,368	79,368	23,950	25,444				
	2010	85,017	85,017	19,504	29,547				
	2011	79,710	78,202	13,431	24,893				
	2012	83,086	81,706	23,128	34,384				
	2013	71,718	68,715	9,353	16,242				
	2014	52,585	23,865	75	740				
	<b>All Years</b>	<b>1,263,697</b>	<b>1,229,084</b>	<b>652,409</b>	<b>716,235</b>	<b>90,723</b>	<b>849</b>	<b>807,806</b>	<b>65.7%</b>

CEDED	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	1,039	1,039	0	0				
	2003	8,247	8,247	3,083	4,492				
	2004	19,932	19,932	25,129	26,401				
	2005	31,521	31,521	47,341	47,770				
	2006	43,776	43,788	12,639	13,322				
	2007	56,359	56,359	27,972	28,780				
	2008	4,211	4,201	6,386	6,479				
	2009	9,742	9,742	0	0				
	2010	1,147	1,147	2,375	2,375				
	2011	6,889	6,889	0	0				
	2012	1,824	1,824	0	0				
	2013	6,210	6,100	561	925				
	2014	6,274	4,411	6	52				
	<b>All Years</b>	<b>197,171</b>	<b>195,199</b>	<b>125,492</b>	<b>130,597</b>	<b>10,206</b>	<b>0</b>	<b>140,803</b>	<b>72.1%</b>

NET	<u>Underwriting Year</u>	<u>Written Premium</u>	<u>Earned Premium</u>	<u>Paid Loss &amp; ALAE</u>	<u>Reported Loss &amp; ALAE</u>	<u>IBNR Loss &amp; ALAE</u>	<u>Ultimate ULAE</u>	<u>Ultimate Loss &amp; LAE</u>	<u>Ultimate Loss &amp; LAE %</u>
	2002	65,291	65,289	20,938	22,438				
	2003	92,970	92,970	28,713	31,355				
	2004	89,202	89,202	64,428	66,848				
	2005	116,033	116,033	103,926	105,688				
	2006	99,152	99,140	49,878	51,755				
	2007	97,347	97,347	54,259	57,643				
	2008	87,133	87,143	118,274	122,013				
	2009	69,627	69,627	23,950	25,444				
	2010	83,870	83,870	17,129	27,171				
	2011	72,821	71,313	13,431	24,893				
	2012	81,262	79,882	23,128	34,384				
	2013	65,508	62,615	8,792	15,317				
	2014	46,311	19,454	70	688				
	<b>All Years</b>	<b>1,066,526</b>	<b>1,033,885</b>	<b>526,917</b>	<b>585,638</b>	<b>80,517</b>	<b>849</b>	<b>667,003</b>	<b>64.5%</b>

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**REINSURANCE - OTHER SPECIALTY**

**UNDERWRITING YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	5,320	27,724	48,608	57,405	61,615	62,043	62,504	64,702	65,074	64,870	64,896	64,552	64,376
2003	5,630	29,138	47,258	51,435	51,254	51,487	51,729	52,137	52,155	52,122	52,124	51,875	
2004	1,116	16,811	34,469	34,419	35,399	34,779	34,675	33,891	34,721	34,597	34,545		
2005	3,955	17,896	25,922	28,605	29,422	28,809	29,140	29,352	29,128	28,204			
2006	243	7,071	11,928	16,626	18,369	19,622	19,455	19,615	19,770				
2007	767	6,922	13,823	14,895	16,191	16,430	17,071	17,121					
2008	598	13,358	27,762	29,332	30,166	32,113	31,679						
2009	642	11,786	13,530	13,332	13,409	13,711							
2010	1,853	29,550	40,195	43,608	45,622								
2011	10,377	64,195	127,628	153,125									
2012	27,284	100,020	135,981										
2013	19,675	112,559											
2014	16,064												

Reported Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	14,619	44,251	62,213	68,275	65,401	65,701	65,616	66,489	66,742	66,578	65,782	65,394	65,271
2003	11,053	42,086	56,673	55,903	54,223	53,497	53,404	53,112	53,051	53,003	53,002	52,771	
2004	9,724	33,799	43,833	41,816	39,501	36,152	35,697	34,454	35,193	34,852	34,758		
2005	14,104	28,315	30,259	31,359	31,016	29,907	29,631	29,729	29,627	28,266			
2006	3,716	10,608	13,868	18,604	19,878	20,406	20,109	20,065	20,148				
2007	2,447	10,731	16,787	17,236	17,483	17,390	17,985	17,843					
2008	1,855	26,723	30,555	32,957	32,738	35,403	33,396						
2009	1,657	13,192	14,661	14,291	14,322	14,474							
2010	4,637	36,126	43,593	46,908	48,095								
2011	21,953	103,483	170,109	178,971									
2012	49,733	130,784	158,079										
2013	39,566	164,810											
2014	35,309												

REINSURANCE - OTHER SPECIALTY

GROSS	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		175,424	175,424	64,376	65,271				
2003		160,439	160,439	52,104	53,000				
2004		130,133	130,133	36,855	37,069				
2005		99,703	99,703	28,204	28,266				
2006		104,277	104,277	19,770	20,148				
2007		80,563	80,539	17,121	17,843				
2008		74,565	74,565	31,679	33,396				
2009		76,348	76,348	13,790	14,558				
2010		143,409	143,402	45,814	48,328				
2011		336,494	335,992	153,150	191,172				
2012		219,219	295,132	146,606	171,594				
2013		462,679	428,470	113,020	168,212				
2014		276,643	158,213	16,141	35,474				
All Years		2,339,896	2,262,637	738,630	884,330	323,112	1,115	1,208,557	53.4%

CEDED	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		1,843	1,843	0	0				
2003		5,793	5,793	229	229				
2004		4,042	4,042	2,310	2,310				
2005		0	0	0	0				
2006		0	0	0	0				
2007		0	0	0	0				
2008		0	0	0	0				
2009		3,223	3,223	79	85				
2010		120	120	192	233				
2011		17,223	17,223	25	12,201				
2012		8,863	20,112	10,625	13,515				
2013		11,455	11,428	461	3,402				
2014		12,486	6,988	77	165				
All Years		65,047	70,771	13,999	32,140	8,312	0	40,452	57.2%

NET	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		173,581	173,581	64,376	65,271				
2003		154,646	154,646	51,875	52,771				
2004		126,091	126,091	34,545	34,758				
2005		99,703	99,703	28,204	28,266				
2006		104,277	104,277	19,770	20,148				
2007		80,563	80,539	17,121	17,843				
2008		74,565	74,565	31,679	33,396				
2009		73,124	73,124	13,711	14,474				
2010		143,289	143,282	45,622	48,095				
2011		319,271	318,769	153,125	178,971				
2012		210,355	275,019	135,981	158,079				
2013		451,224	417,041	112,559	164,810				
2014		264,157	151,225	16,064	35,309				
All Years		2,274,849	2,191,865	724,631	852,190	314,801	1,115	1,168,106	53.3%

**ACGL GLOBAL LOSS TRIANGLES**  
**Development Triangles - Net Basis**  
**Data as of 12/31/2014 in \$US thousands**

**REINSURANCE - OTHER REINSURANCE**

**UNDERWRITING YEAR TRIANGLE**

Paid Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	138	3,175	6,646	14,976	19,823	27,822	28,979	29,382	30,694	30,928	31,150	31,607	31,875
2003	0	0	3,003	3,906	7,385	7,539	7,561	7,765	7,765	7,792	7,792	8,792	
2004	0	0	8	3,584	14,100	14,491	14,657	14,897	14,897	14,897	14,906		
2005	0	1,249	2,617	5,252	5,157	5,157	5,157	5,157	5,157	5,093			
2006	0	0	399	401	477	480	1,106	1,493	1,493				
2007	0	0	0	0	0	0	0	0					
2008	0	0	0	0	0	1	2,751						
2009	0	0	0	0	0	0							
2010	0	0	0	0	98								
2011	0	0	0	0									
2012	0	0	0										
2013	0	0											
2014	0												

Reported Loss & ALAE	Age in Months												
	<b>12</b>	<b>24</b>	<b>36</b>	<b>48</b>	<b>60</b>	<b>72</b>	<b>84</b>	<b>96</b>	<b>108</b>	<b>120</b>	<b>132</b>	<b>144</b>	<b>156</b>
2002	4,886	7,496	13,999	33,256	37,594	36,175	35,616	31,629	32,933	32,046	31,954	32,169	32,163
2003	320	1,081	5,210	6,449	9,665	9,972	8,628	8,727	8,227	7,971	10,414	10,151	
2004	0	5,000	13,116	13,675	14,699	14,865	14,946	14,924	15,141	16,430	17,197		
2005	5,871	2,937	5,664	5,252	5,157	5,157	6,157	6,157	5,157	5,093			
2006	0	0	474	401	484	513	1,493	3,067	1,493				
2007	0	0	0	0	252	252	252	0					
2008	0	5	21	5	2,755	2,751	3,506						
2009	0	0	740	799	804	934							
2010	0	0	0	0	98								
2011	0	0	0	0									
2012	0	530	534										
2013	0	0											
2014	1												

REINSURANCE - OTHER REINSURANCE

GROSS	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		66,939	66,939	33,142	33,430				
2003		31,435	31,435	8,811	10,170				
2004		26,683	26,683	14,976	17,267				
2005		21,254	21,254	5,093	5,093				
2006		5,325	5,325	1,493	1,493				
2007		5,201	5,201	0	0				
2008		4,325	4,325	2,751	3,506				
2009		4,320	4,320	0	934				
2010		4,137	4,137	98	98				
2011		4,717	4,717	0	0				
2012		7,519	7,519	0	534				
2013		5,080	5,076	0	0				
2014		4,386	3,324	0	1				
<b>All Years</b>		<b>191,322</b>	<b>190,256</b>	<b>66,364</b>	<b>72,526</b>	<b>41,696</b>	<b>432</b>	<b>114,653</b>	<b>60.3%</b>

CEDED	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		2,677	2,677	1,267	1,267				
2003		2,566	2,566	19	19				
2004		1,380	1,380	70	70				
2005		31	31	0	0				
2006		97	97	0	0				
2007		19	19	0	0				
2008		7	7	0	0				
2009		7	7	0	0				
2010		0	0	0	0				
2011		0	0	0	0				
2012		0	0	0	0				
2013		0	0	0	0				
2014		0	0	0	0				
<b>All Years</b>		<b>6,784</b>	<b>6,784</b>	<b>1,356</b>	<b>1,356</b>	<b>8</b>	<b>0</b>	<b>1,364</b>	<b>20.1%</b>

NET	<u>Underwriting</u>	<u>Written</u>	<u>Earned</u>	<u>Paid Loss &amp;</u>	<u>Reported Loss</u>	<u>IBNR Loss &amp;</u>	<u>Ultimate</u>	<u>Ultimate Loss</u>	<u>Ultimate Loss</u>
	<u>Year</u>	<u>Premium</u>	<u>Premium</u>	<u>ALAE</u>	<u>&amp; ALAE</u>	<u>ALAE</u>	<u>ULAE</u>	<u>&amp; LAE</u>	<u>&amp; LAE %</u>
2002		64,262	64,262	31,875	32,163				
2003		28,869	28,869	8,792	10,151				
2004		25,303	25,303	14,906	17,197				
2005		21,223	21,223	5,093	5,093				
2006		5,227	5,227	1,493	1,493				
2007		5,182	5,182	0	0				
2008		4,318	4,318	2,751	3,506				
2009		4,313	4,313	0	934				
2010		4,137	4,137	98	98				
2011		4,717	4,717	0	0				
2012		7,519	7,519	0	534				
2013		5,080	5,076	0	0				
2014		4,386	3,324	0	1				
<b>All Years</b>		<b>184,539</b>	<b>183,472</b>	<b>65,008</b>	<b>71,169</b>	<b>41,688</b>	<b>432</b>	<b>113,289</b>	<b>61.7%</b>

REINSURANCE LARGE LOSS EXHIBIT

Underwriting Year Basis

GROSS	Reported Losses & ALAE						
	Underwriting Year	Casualty	Property Catastrophe	Other Property	Marine/Aviation/ Space	Other Specialty	Other Reinsurance
2002	0	0	219	0	0	0	219
2003	0	0	6,171	1,493	570	0	8,233
2004	2,470	50,991	83,483	47,009	1,016	14,381	199,351
2005	87	99,849	95,495	98,174	5,633	0	299,238
2006	2	0	4,959	76	0	0	5,037
2007	0	2,369	17,877	29,507	0	0	49,753
2008	0	106,713	33,544	101,496	0	0	241,753
2009	0	9,523	6,615	0	0	0	16,138
2010	0	166,391	37,161	0	6,006	0	209,557
2011	0	41,964	28,628	0	465	0	71,057
2012	0	65,709	21,157	5,196	0	0	92,062
2013	0	0	175	0	0	0	175
2014	0	0	16	0	0	0	16
All Years	2,559	543,508	335,499	282,952	13,690	14,381	1,192,589

CEDED	Reported Losses & ALAE						
	Underwriting Year	Casualty	Property Catastrophe	Other Property	Marine/Aviation/ Space	Other Specialty	Other Reinsurance
2002	0	0	0	0	0	0	0
2003	0	0	0	155	0	0	155
2004	0	18,645	33,898	19,337	0	0	71,880
2005	0	47,689	75,850	40,857	0	0	164,396
2006	0	0	2,232	37	0	0	2,268
2007	0	6	8,045	14,254	0	0	22,305
2008	0	0	0	6,091	0	0	6,091
2009	0	0	0	0	0	0	0
2010	0	70,750	2,586	0	0	0	73,336
2011	0	0	0	0	0	0	0
2012	0	0	0	0	0	0	0
2013	0	0	11	0	0	0	11
2014	0	0	1	0	0	0	1
All Years	0	137,090	122,623	80,731	0	0	340,444

NET	Reported Losses & ALAE						
	Underwriting Year	Casualty	Property Catastrophe	Other Property	Marine/Aviation/ Space	Other Specialty	Other Reinsurance
2002	0	0	219	0	0	0	219
2003	0	0	6,171	1,337	570	0	8,078
2004	2,470	32,346	49,585	27,673	1,016	14,381	127,470
2005	87	52,160	19,645	57,318	5,633	0	134,843
2006	2	0	2,727	39	0	0	2,769
2007	0	2,363	9,833	15,253	0	0	27,448
2008	0	106,713	33,544	95,405	0	0	235,661
2009	0	9,523	6,615	0	0	0	16,138
2010	0	95,641	34,575	0	6,006	0	136,222
2011	0	41,964	28,628	0	465	0	71,057
2012	0	65,709	21,157	5,196	0	0	92,062
2013	0	0	163	0	0	0	163
2014	0	0	15	0	0	0	15
All Years	2,559	406,418	212,876	202,221	13,690	14,381	852,145

Note: Underwriting Year 2002 - Ivan, Jeanne

Underwriting Year 2003 - Charley, Frances, Ivan, Jeanne, Katrina, Rita

Underwriting Year 2004 - Charley, Frances, Ivan, Jeanne, Katrina, Rita, Wilma

Underwriting Year 2005 - Katrina, Rita, Wilma

Underwriting Year 2006 - Gustav, Ike

Underwriting Year 2007 - Gustav, Ike

Underwriting Year 2008 - Gustav, Ike, Chilean EQ, NZ (Darfield and Lyttelton) Quakes

Underwriting Year 2009 - Chilean EQ, NZ (Darfield and Lyttelton) Quakes, April US Wind (Tuscaloosa, PCS-46), Brisbane Floods, Japanese EQ and Tsunami

Underwriting Year 2010 - Chilean EQ, NZ (Darfield and Lyttelton) Quakes, April US Wind (Tuscaloosa, PCS-46), May US Wind (Joplin, PCS-48), Brisbane Floods, Japanese EQ and Tsunami, Thailand Flood

Underwriting Year 2011 - NZ (Darfield and Lyttelton) Quakes, April US Wind (Tuscaloosa, PCS-46), May US Wind (Joplin, PCS-48), Brisbane Floods, Japanese EQ and Tsunami, Thailand Flood, Sandy

Underwriting Year 2012 - Sandy

Underwriting Year 2013 and 2014 figures represent Sandy losses assumed as part of an inward loss portfolio transfer