



Barclay's: Insurance Forum
May 16, 2017

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Forward looking statements can generally be identified by the use of forward looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" 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. A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements includes the following: adverse general economic and market conditions; increased competition; pricing and policy term trends; fluctuations in the actions of rating agencies and our ability to maintain and improve our ratings; investment performance; the loss of key personnel; the adequacy of our loss reserves, severity and/or frequency of losses, greater than expected loss ratios and adverse development on claim and/or claim expense liabilities; greater frequency or severity of unpredictable natural and man-made catastrophic events; the impact of acts of terrorism and acts of war; changes in regulations and/or tax laws in the United States or elsewhere; our ability to successfully integrate, establish and maintain operating procedures as well as integrate the businesses we have acquired or may acquire into the existing operations; changes in accounting principles or policies; material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements; availability and cost to us of reinsurance to manage our gross and net exposures; the failure of others to meet their obligations to us; and other factors identified in our filings with the U.S. Securities and Exchange Commission.

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. 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. We undertake no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

Some non-GAAP measures of financial performance also may be referred to during this presentation. The reconciliation to GAAP and definition of operating income can be found in the Current Report on Form 8-K furnished to the SEC by Arch Capital Group Ltd. (the "Company") in connection with its most recent earnings press release, and is also available on the Company's website: www.archcapgroup.com. From time to time, the Company posts additional financial information and presentations to its website, including information with respect to its subsidiaries, and investors and other recipients of this information are encouraged to check the website.

Year	Time Line
2001	Arch Reinsurance Ltd. formed; first reinsurance bound
2002	E&S underwriter Arch Specialty Insurance Company acquired
2003	Surety book purchased; Arch Indemnity Insurance Company acquired
2004	Specialty commercial lines in Europe and the U.K. started with approval of Arch Insurance Company Europe; Raised \$300 million in senior notes
2005	Arch Insurance received license in Canada
2006	European operations expanded into Zurich; Flatiron Re (sidecar) formed
2007	Property Fac Re formed; purchased Wexford Underwriting Managers, a MGU of excess WC and employers liability; A&H underwriter Arch Re Denmark formed
2008	Joint venture with Gulf Investment Corp.; Arch Reinsurance Europe Underwriting Limited formed
2009	Lloyd's Syndicate 2012 approved; Arch Re Europe's operations expand to life reinsurance; insurance D&O division expanded; recruited mortgage team
2010	Expansion of Accident & Health Group
2011	Arch Mortgage Insurance Ltd. formed; expanding into global mortgage insurance and reinsurance
2012	Credit & surety reinsurance business purchased from Ariel Re
2013	Arch Insurance Canada Ltd. formed; announced first insurance/reinsurance of Freddie Mac STACR transaction; raised \$500 million in senior note
2014	Closed acquisition of CMG MI (renamed Arch Mortgage Insurance Company); Watford Re Ltd., Launched
2015	Arch Mortgage Guaranty begins operations
2016	Acquired United Guaranty Corporation on December 31, 2016 making Arch MI the world's largest mortgage insurer.
2017	Arch MI U.S. upgraded to A by S&P

Financial Results Along the Way

	Mar-31-02	Mar-31-17	CAGR ⁴
BVPS ² :	\$6.03	\$57.69	16.2%
Total capital ³ :	\$1.0bn	\$10.8bn	

¹ Financial Strength Ratings unless otherwise noted

² Excludes the effects of stock options and restricted stock units outstanding

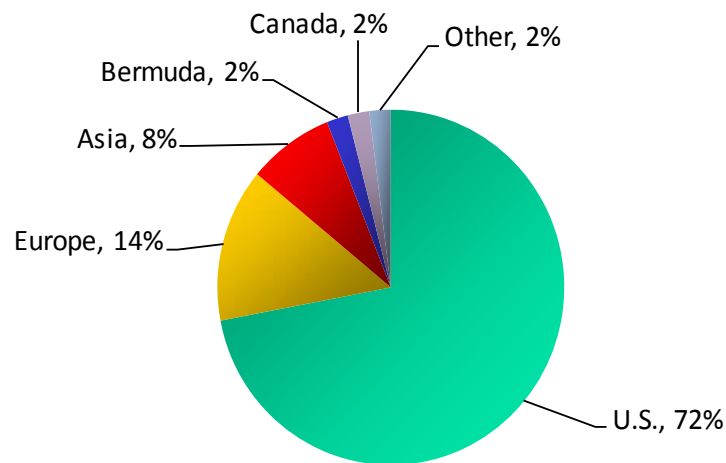
³ Includes senior debt, preferred equity, and common stock (including AOCI)

⁴ Compound annual growth rate

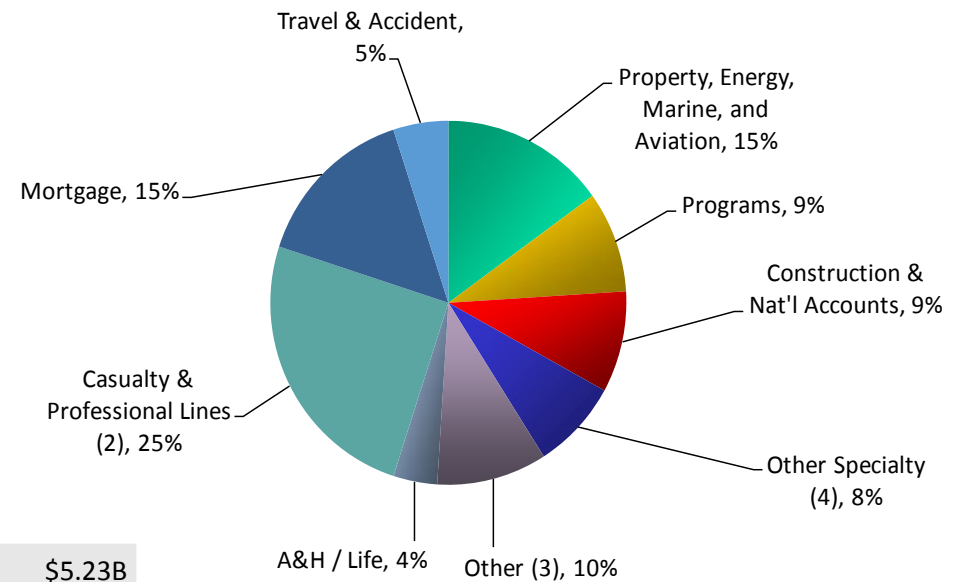
◆ Trailing Twelve Months Ended March 31, 2017

- Gross premiums written – 58% insurance, 28% reinsurance, 14% mortgage
- Net premiums written – 57% insurance, 28% reinsurance, 15% mortgage
- Flexible business mix well-positioned to manage through the P&C cycle

Client Location¹



Line of Business¹



Gross premiums written:	\$5.23B
Net premiums written:	\$3.67B

¹ Based on net premiums written, excluding amounts attributable to the 'other' segment (Watford)

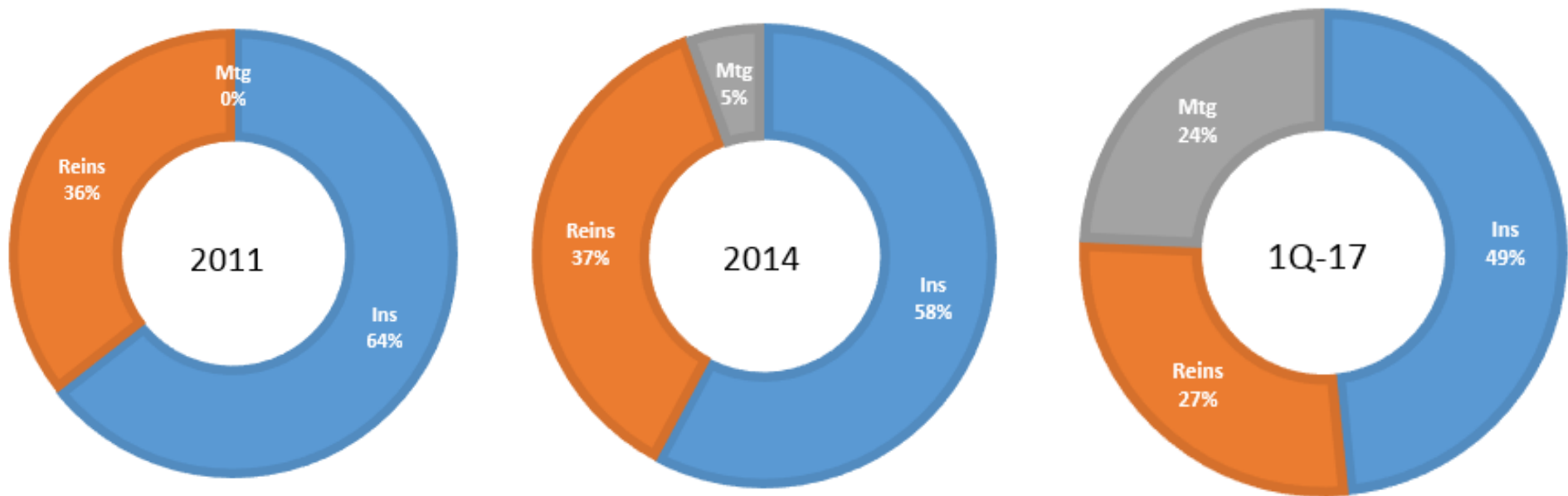
² Includes casualty, professional liability, executive assurance, healthcare, contract binding, and excess motor

³ Includes insurance for lenders products, alternative markets, and other insurance and reinsurance

⁴ Includes reinsurance for proportional motor, trade credit, surety, workers' compensation catastrophe, and other

◆ **Change in net premiums written¹ by calendar year**

- Formation of mortgage segment in 2014



¹ Excluding amounts attributable to the 'other' segment (Watford)

◆ Management team in place

- *Arch MI U.S. Headquarters based in North Carolina*
- *David Gansberg, Chief Executive Officer of Arch MI U.S.*
- *Tom Jeter, Chief Financial Officer of Arch MI U.S.*

◆ Successful systems & operations transition

- *Smooth transition with financial & accounting systems*
- *Policies and procedures have been conformed*
- *Information technology & systems had no disruptions during the transition*

◆ Bank and Credit Union Channel retention

- *Maintaining continuity of relationships with customers*
- *Integrated salesforce is set and actively engaged with customers*

An Organically Built, Differentiated Model

Specialization

- Talent intensive platform provides resilience in current market .
- Low Volatility & Controlling Positions as growth drivers.
- Barriers to entry in the form of technology, collateral, and compliance mute impact of current industry capitalization.

Diversification

- Distribution: Big 3, US Retail, Lloyds Syndicate, Wholesale - E&S, Binding Authorities, MGA's.
- Product Lines: 40% Low Volatility, 32% Controlling Positions, 28% Cycle Managed [GWP]
- Geography: 81% USA, 16% UK, 3% Canada/Bermuda

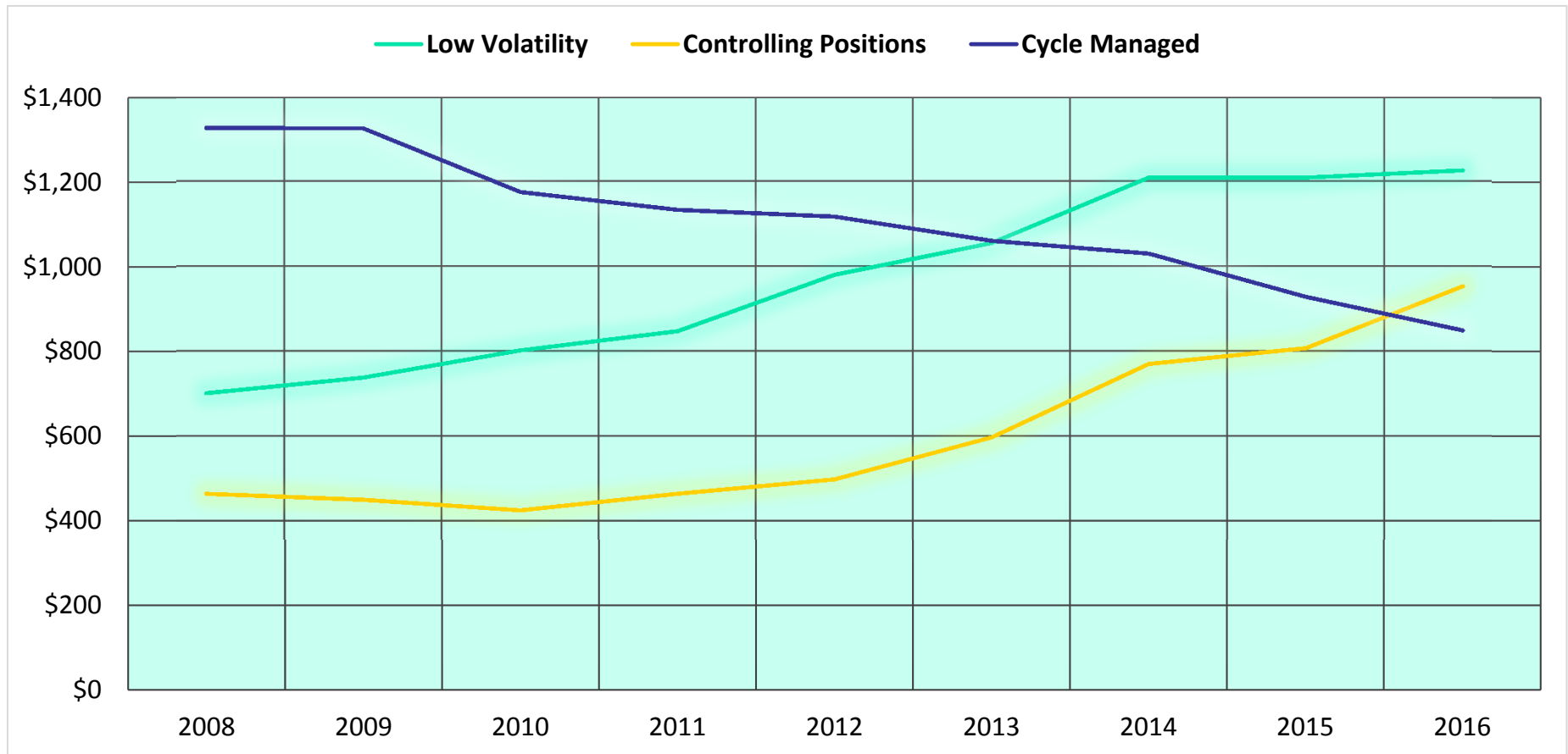
Risk & Cycle Management

- Focus on smaller risks produces more predictable, less volatile results over time.
- Platform provides ballast to manage our participation in high volatility / high capacity lines based on market conditions.

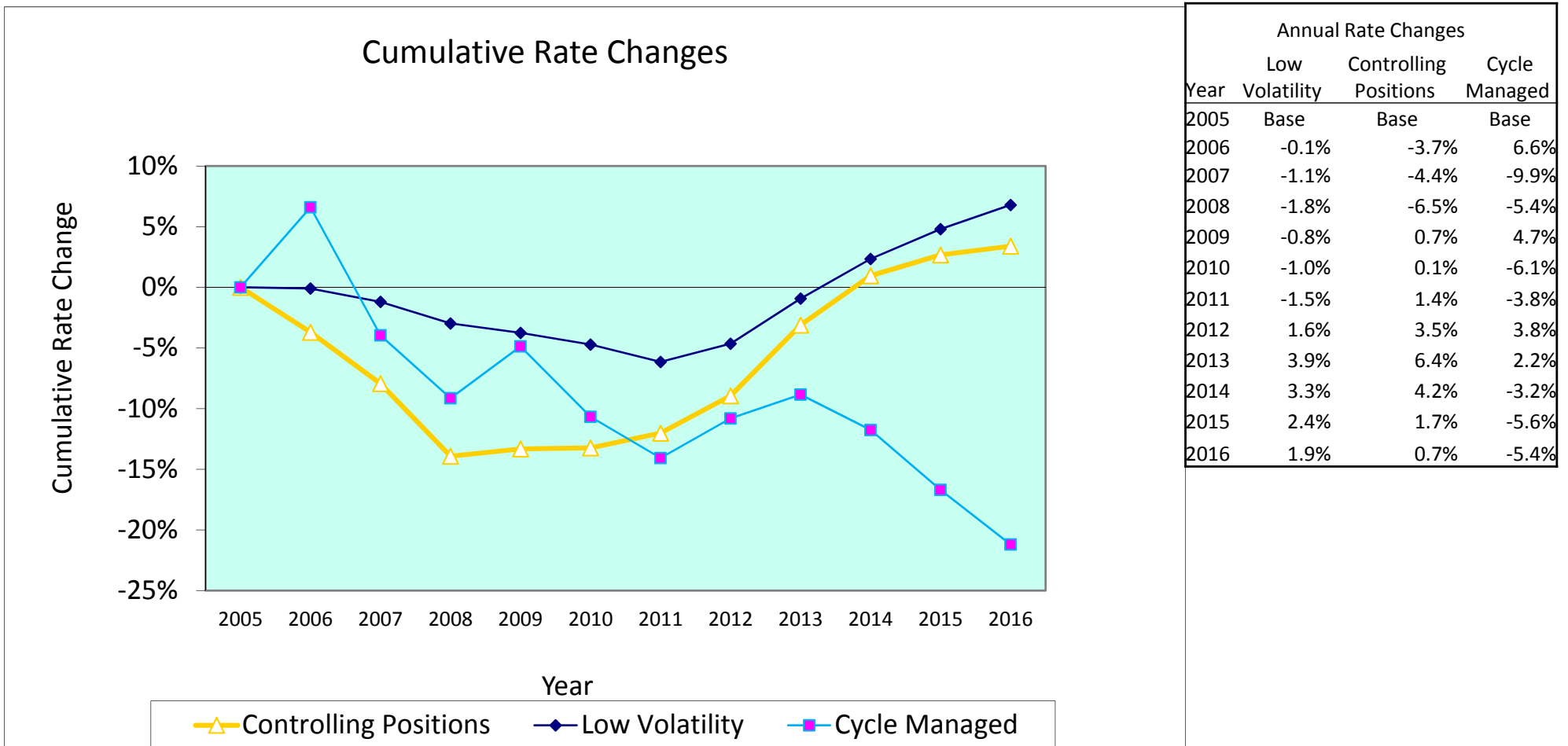


Insurance Group – Cycle Management

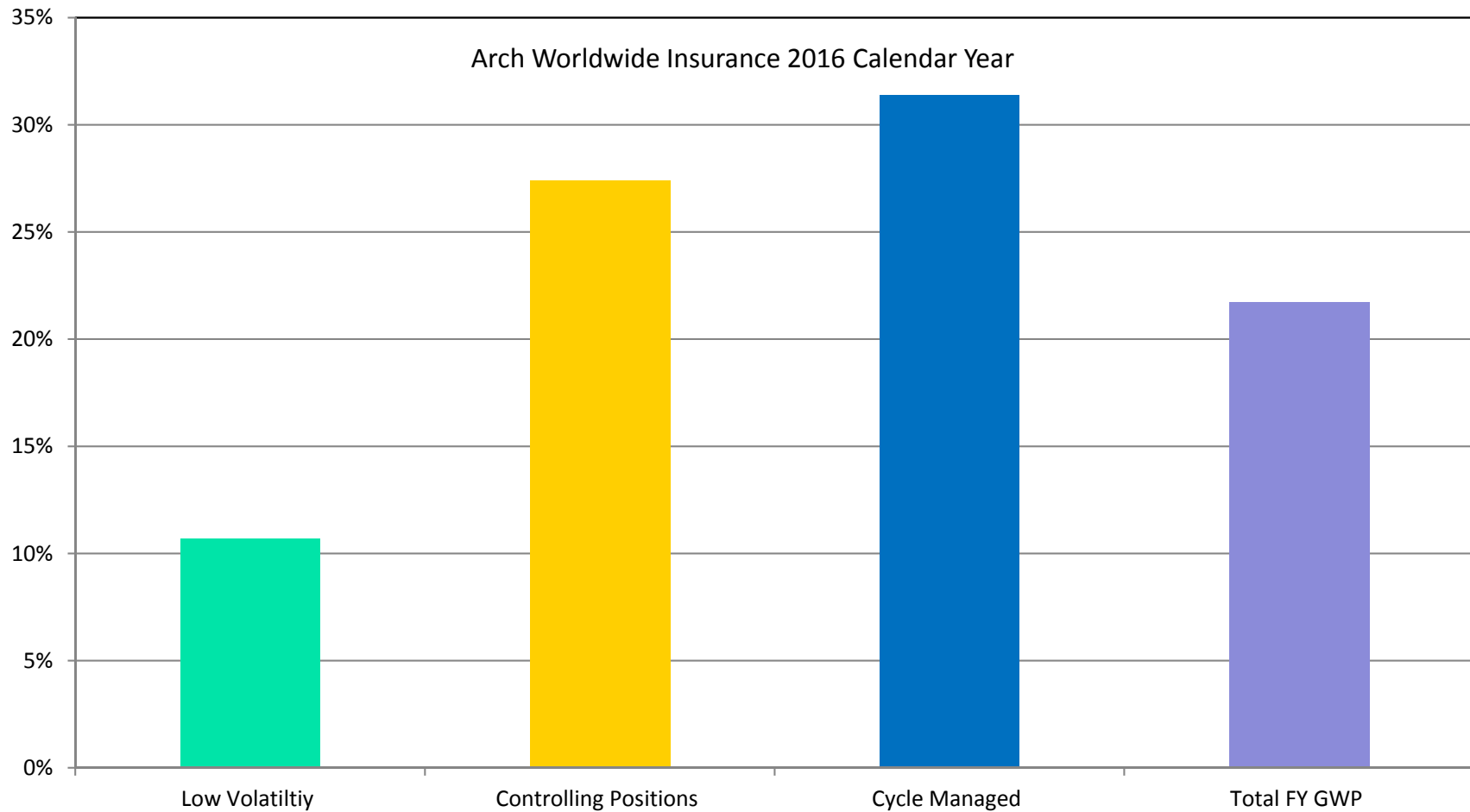
Worldwide GWP by calendar year (\$000's)



Cumulative Rate Change Trends - U.S.



Premium Sourced from “Big 3” Brokers



◆ Total reserves of \$7.7B*

- *History of favorable reserve releases*
- *IBNR plus ACR represents 64% of total reserves*

◆ Debt and preferred of \$3.0B*

- *\$500M in revolving credit due October 2021*
- *\$300M¹ of ACGL senior notes maturing in 2034*
- *\$500M¹ of Arch-U.S. senior notes maturing in 2043*
- *\$500M¹ of Arch Capital Finance senior notes maturing in 2026*
- *\$450M¹ of Arch Capital Finance senior notes maturing in 2046*
- *\$773M of non-cumulative perpetual preferred shares*

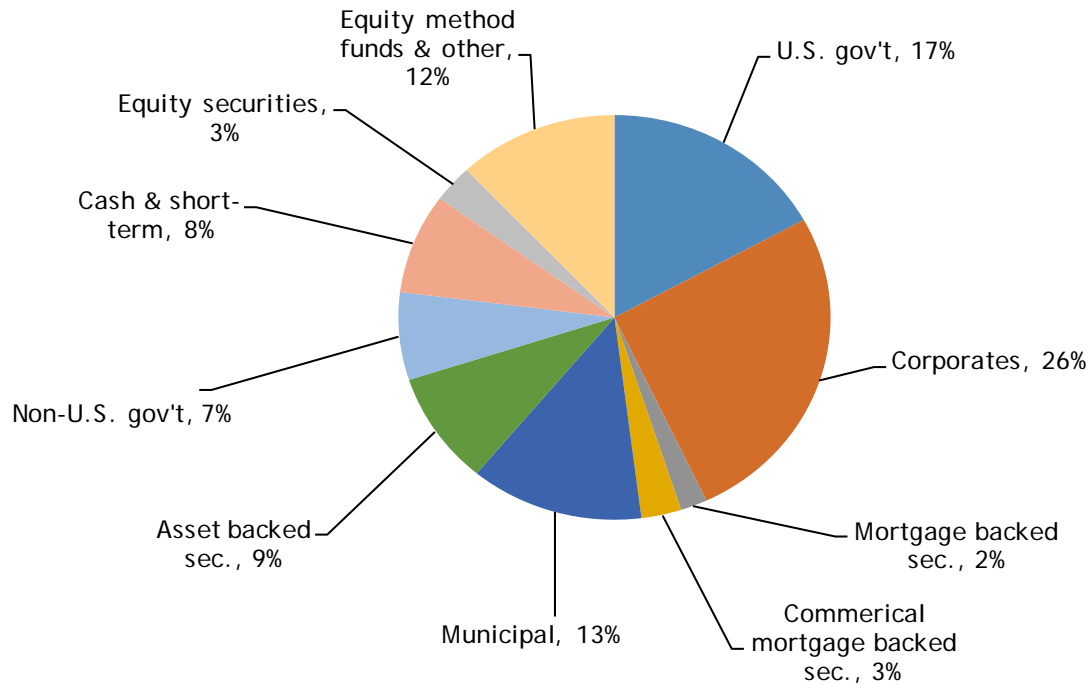
◆ Dividend Policy

- *No common dividends*

¹ Represents full principal amount. Amounts shown in consolidated financial statements are presented net of debt issuance costs.

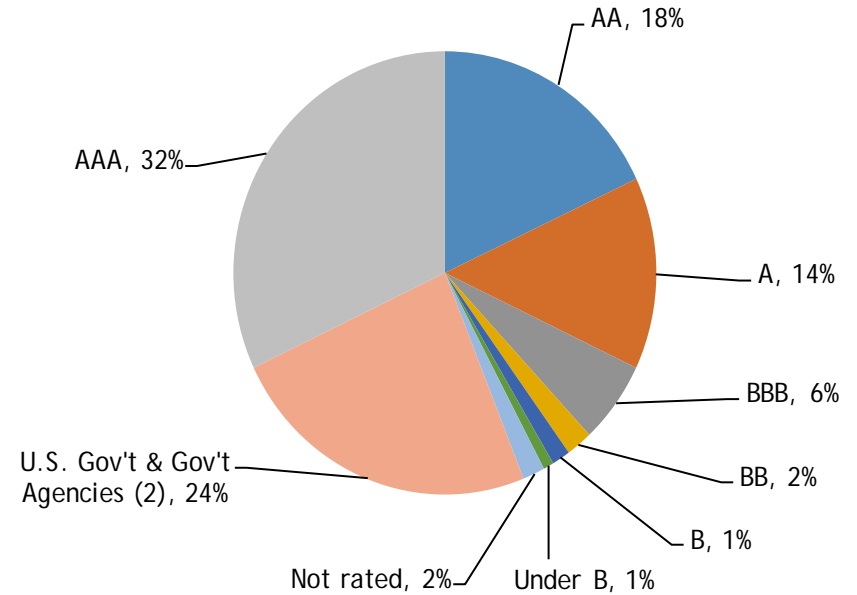
*Core basis, excludes Watford balances.

Investable Assets by Type¹



Total investable assets: \$18.8B

Fixed Maturities by Rating¹

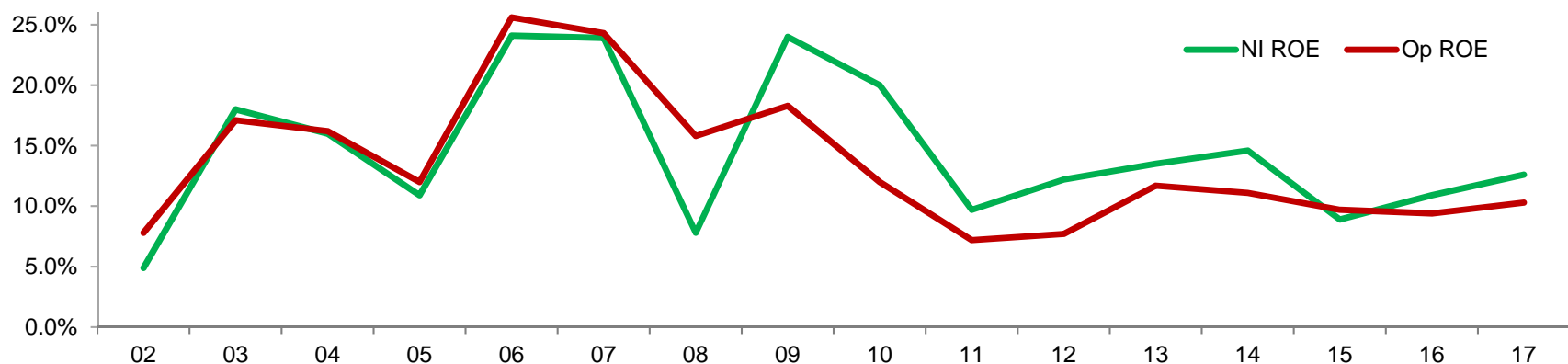


Total fixed maturities:	\$14.7B
Average effective duration:	3.36
Average S&P / Moody's credit quality:	AA/Aa2

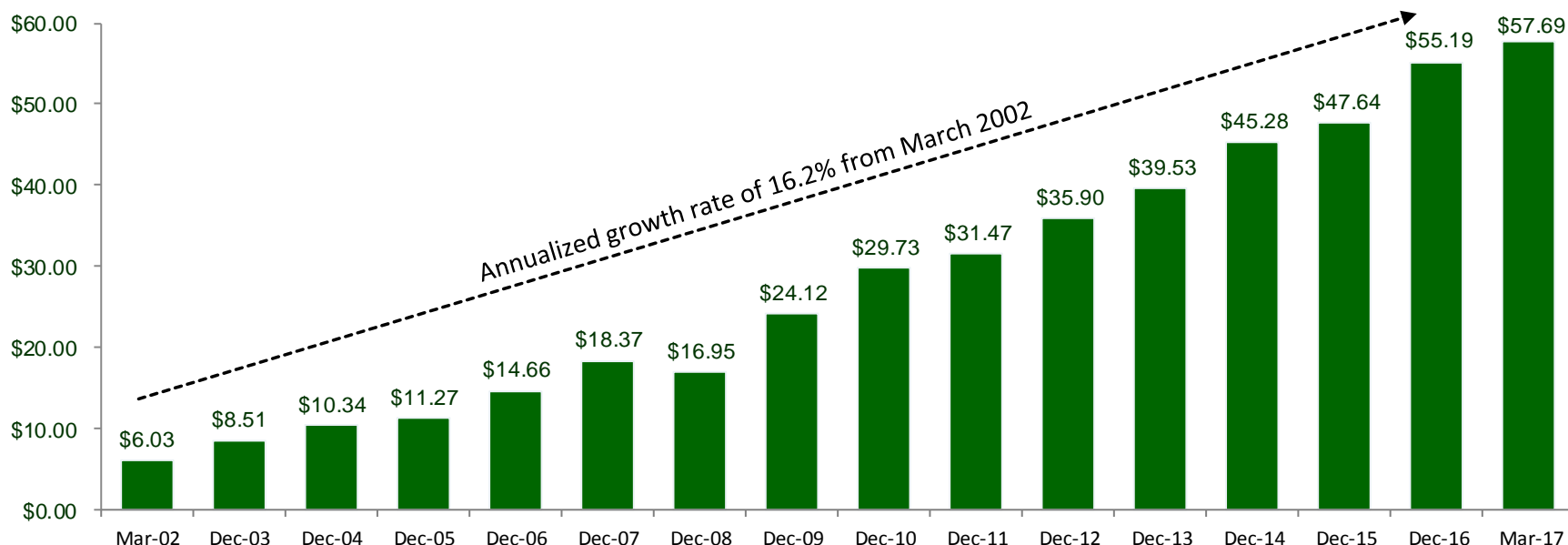
¹ Excludes amounts attributable to the 'other' segment (Watford)

² Includes U.S. government-sponsored agency mortgage backed securities and agency commercial mortgage backed securities

Annualized return on equity¹



Book value per common share²



Total Capitalization ³ (\$bn):	\$1.0	\$1.9	\$2.5	\$2.8	\$3.9	\$4.3	\$3.8	\$4.7	\$4.9	\$5.0	\$5.6	\$6.5	\$7.0	\$7.1	\$10.5	\$10.8
Debt/Preferred to Total Capitalization ³	0.0%	10.5%	11.8%	10.8%	7.7%	6.9%	10.4%	8.5%	8.2%	8.0%	7.2%	18.7%	17.3%	17.2%	28.7%	27.7%

¹ Based on net income available to Arch common shareholders ² Excluding the effects of stock options and restricted stock units outstanding ³ Available to Arch, including senior debt, preferred equity, common stock and AOCI.

- ◆ Arch operates leading insurance, reinsurance and mortgage businesses across a wide range of geographies and products providing meaningful diversification and stability of earnings
- ◆ Experienced underwriting teams compensated for long term performance
- ◆ Disciplined risk management and conservative reserving philosophy
- ◆ Strong balance sheet with high-quality investment portfolio
- ◆ Long-term track record of consistent financial performance and “top of the class” risk adjusted returns

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