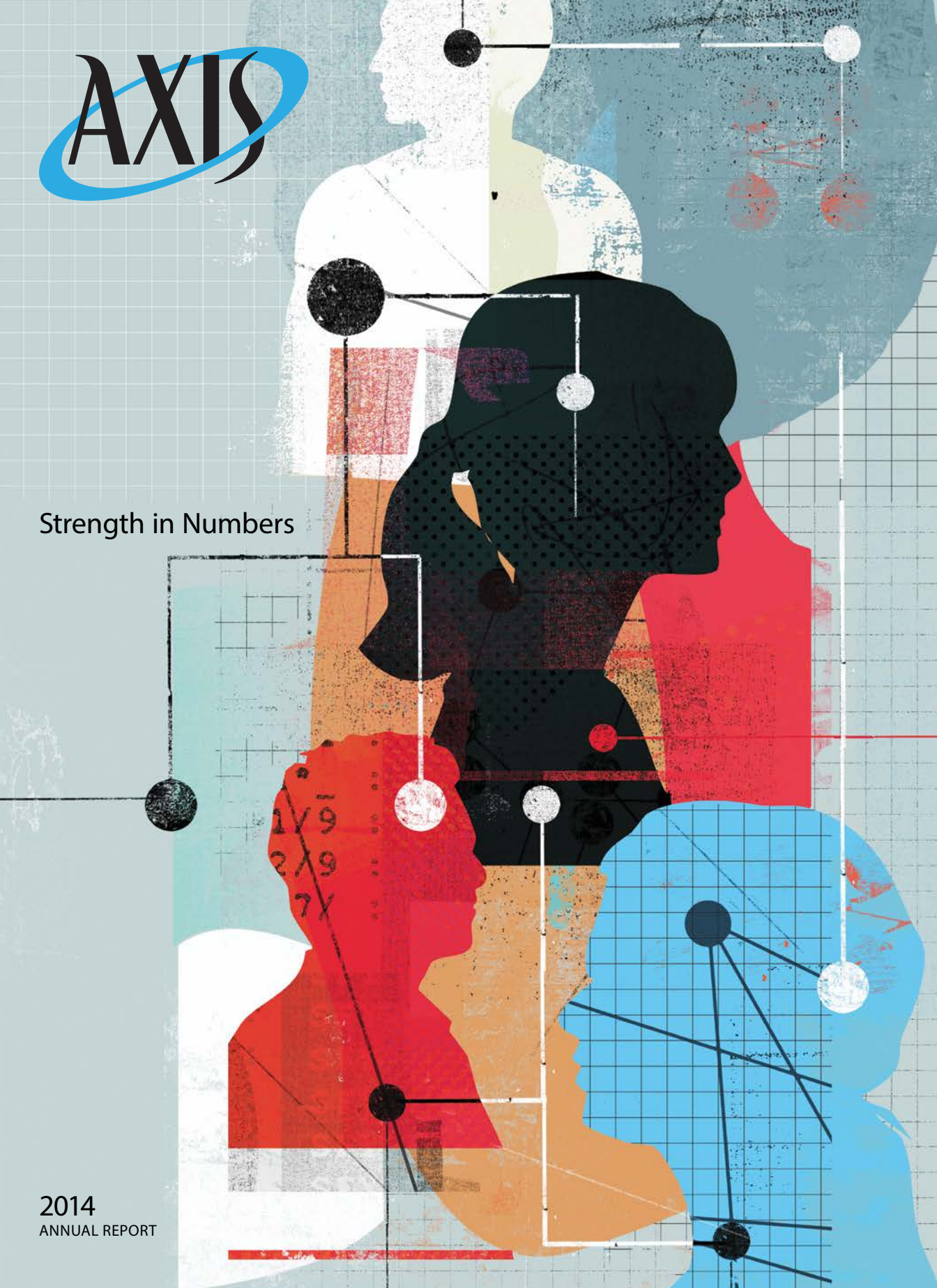


Strength in Numbers

2014  
ANNUAL REPORT



## Financial Strength

Key facts and figures as of December 31, 2014

*(figures expressed in billions of U.S. dollars)*

6.8

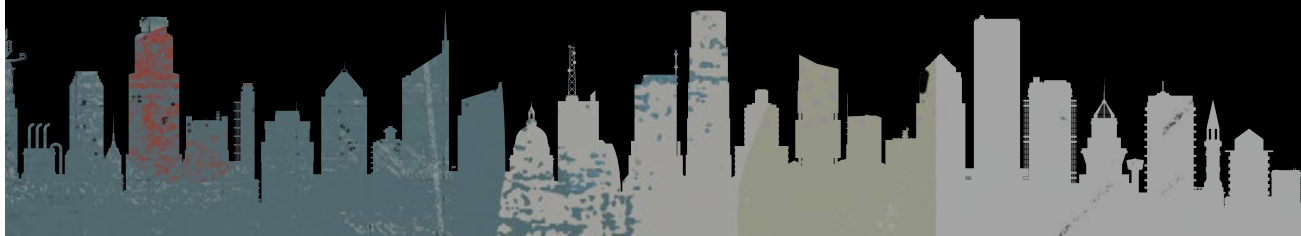
TOTAL CAPITAL

20.0

TOTAL ASSETS

15.0

CASH & INVESTMENTS



AXIS' rating of A+ from both Standard & Poor's and A.M. Best reflects our exceptional level of financial strength and our long-term track record of outstanding operating performance, placing AXIS among a select group of companies in our industry.

## Financial Highlights

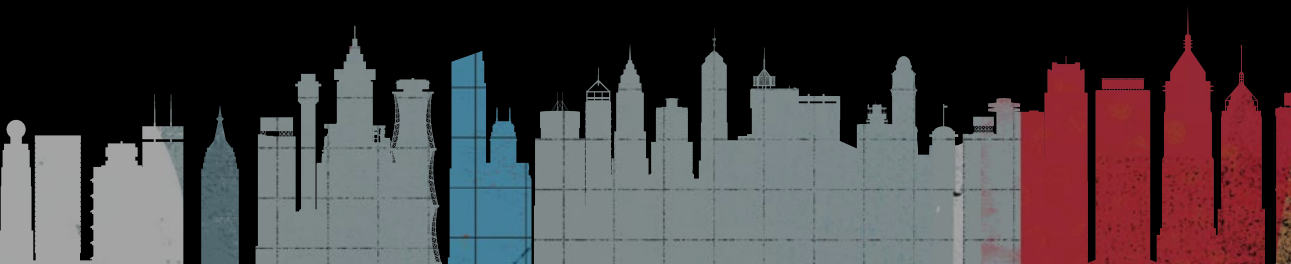
As of and for the Year Ended December 31,	2014	2013	2012	2011	2010
(\$ in millions, except per share amounts)					
<b>Selected Statement of Operations Data:</b>					
Gross premiums written	\$ 4,711.5	\$ 4,697.0	\$ 4,139.6	\$ 4,096.2	\$ 3,750.5
Net premiums written	3,907.0	3,928.2	3,337.5	3,419.4	3,147.5
Net premiums earned	3,871.0	3,707.1	3,415.5	3,315.0	2,947.4
Net investment income	342.8	409.3	381.0	362.4	406.9
Net realized investment gains	132.1	75.6	127.5	121.4	195.1
Net income available to common shareholders	770.7	683.9	495.0	9.4	819.8
<b>Per Common Share Data:</b>					
Basic earnings per common share	\$ 7.38	\$ 6.02	\$ 4.05	\$ 0.08	\$ 6.74
Diluted earnings per common share	7.29	5.93	4.00	0.07	6.02
Book value per common share	52.23	47.40	44.75	39.37	45.60
Diluted book value per common share	50.63	45.80	42.97	38.08	39.37
Dividends declared per common share	1.10	1.02	0.97	0.93	0.86
<b>Operating Ratios:</b>					
Net loss and loss expense ratio	56.5%	57.6%	61.4%	80.7%	56.9%
Expense Ratio	35.1%	33.4%	34.8%	31.6%	31.8%
Combined Ratio	91.6%	91.0%	96.2%	112.3%	88.7%
<b>Selected Balance Sheet Data:</b>					
Total assets	\$19,955.7	\$19,634.8	\$18,852.3	\$17,806.1	\$16,445.7
Senior notes	990.8	995.9	995.2	994.7	994.1
Preferred equity	627.8	627.8	502.8	500.0	500.0
Common equity	5,193.3	5,190.1	5,276.9	4,944.1	5,125.0
Total shareholders' equity attributable to AXIS Capital	5,821.1	5,818.0	5,779.8	5,444.1	5,625.0
Total Capital*	6,811.9	6,813.8	6,775.0	6,438.7	6,619.1
Return on average common shareholders' equity ("ROACE")	14.8%	13.1%	9.7%	0.2%	16.2%
Operating ROACE**	10.8%	12.1%	8.2%	(3.1)%	12.1%

Note: \*Total Capital represents the sum of total shareholders' equity attributable to AXIS Capital and senior notes.

2012 results include pre-tax net losses of \$331.3 million attributable to Storm Sandy.

2011 results include pre-tax net losses of \$944.3 million for 2011 natural catastrophe events including \$647.0 million for the Japanese earthquake and tsunami, the February 2011 earthquake near Christchurch, New Zealand and associated June 2011 aftershock.

\*\*Operating income (loss) represents after-tax operational results without consideration of after-tax net realized investment gains and losses, foreign exchange gains and losses, and losses on repurchase of preferred shares. Operating return on average common equity (Operating ROACE) is calculated using diluted operating income (loss) divided by average common shareholders' equity determined by using the common shareholders' equity balances at the beginning and end of the period. The presentation of Operating ROACE is a non-GAAP financial measure within the meaning of Regulation G. See Non-GAAP Financial Measures in Item 7 of Part II of the AXIS Annual Report on Form 10-K for the year ended December 31, 2014, for a detailed discussion of the measures used by AXIS to evaluate its financial performance.



# A Letter from the Chairman



I am very pleased to again present to you the AXIS Capital annual report.

Across the global economic landscape, and for our sector within it, 2014 was a difficult to very difficult year. The economy was marked by frustratingly slow growth and considerable uncertainty, which served to reduce the investment in new economic activity on which we, as an industry, ultimately depend for our growth. The U.S. economy provided the one bright spark, but bright only in comparison with the others. As we entered 2015, the economic backdrop remained challenged; as a service industry supplying capital to other industries, ours continues to experience difficult conditions.

Secondly, the continuation of very low interest rates—in some cases, at zero—means that one of the bases of our industry, namely the investment on cash flow and the return it generates, remains at historically, and extraordinarily, low levels, and would appear to be doing so into the near and intermediate future. This makes for a very difficult trading environment.

Add to this the fact that some external capital managers believe they may realize attractive returns from our industry. This has brought new capital at a time when demand is not growing. Against such conditions, AXIS Capital performed extremely well. We continued to pursue our strategy of investing in the company and developing it, as particularly evidenced by our syndicate at Lloyd's, our Accident & Health operations, as well as our continued rewarding investment in analytics to gain a better understanding of our portfolios' risks, and in the hiring of a number of outstanding people. We have focused on expense control, consolidated our debt and advanced the management of our skills and processes.

I am confident therefore that the company is significantly stronger as we pursue the course that management has laid out. Our gains to date have been reflected in a significant improvement in our share price. We have continued with an aggressive buyback strategy, and that has been rewarded by the market.

On the regulatory front, the passage of Solvency II by the European Parliament, and its scheduled implementation in 2016, at last provides welcome clarity on the requirements imposed upon our industry. Facing this new environment, I believe that Bermuda will continue to be a leading contributor to the world market in insurance and reinsurance. We appreciate the efforts of the Bermuda Monetary Authority and its responsiveness and progress towards achieving mutual equivalence. Their efforts are important in assuring the continued recognition of Bermuda as a leading jurisdiction for international (re)insurance, including AXIS.

I wish to take this opportunity to extend my gratitude to Dennis Reding, who announced his retirement during



the past year. Dennis joined AXIS virtually at its founding, and his many years of industry expertise lent tremendous credibility to the emerging company. Since that time, his contributions as a member of our senior management team have been invaluable in helping to guide the company forward.

I also wish to thank Jack Gressier for his enormous contribution. Jack, who also announced his retirement, had similarly been with AXIS since its initial years. His knowledge, vision and leadership skills were essential in fashioning AXIS Insurance into the industry leader it has become. It has been a privilege to work closely with both Dennis and Jack over the years and we all are grateful for their unmatched achievements and dedication.

In closing, I wish to thank our shareholders for their continued support. I remain highly positive about the company's prospects and look forward to the future with enthusiasm.

Sincerely,



Michael A. Butt  
Chairman of the Board

"We continued to pursue our strategy of investing in the company and developing it. I am confident that AXIS is significantly stronger as we pursue the course that management has laid out."



A photograph of Albert Benchimol, President and Chief Executive Officer, sitting in a modern office environment. He is wearing a dark suit, a light blue shirt, and a striped tie. He is smiling and looking towards the camera. The background shows a contemporary office interior with large windows, a blue armchair, and a round coffee table with a vase of flowers.

TO OUR SHAREHOLDERS

A small circular portrait of Albert Benchimol.

**Albert Benchimol**  
President and Chief Executive Officer

## *A Letter* from the President and Chief Executive Officer

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I am pleased to report that we continued our progress in 2014 and delivered another year of sound performance for our shareholders, notwithstanding considerable challenges for the industry.

Ongoing competition across both the insurance and reinsurance industries continued to weigh on pricing in most lines of business. Persistent low interest rates kept pressure on the investment returns from our fixed-income portfolio, and fundamental transitions taking place within our industry introduced permanent changes not only to the ways we conduct our business but even to the ways in which we think about the business we are in.

Still, we are pleased with the business we wrote during the year, maintaining a good level of profitability, continuing to make excellent progress against our core strategic initiatives, and building value for our shareholders.

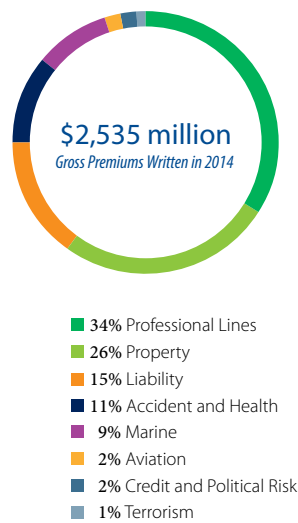
Gross premium production was flat for the year, reflecting an increasingly competitive market as well as the repositioning of some of our portfolios. Our investments in data and analytics are providing valuable insights that we are using to improve the overall quality and volatility of our portfolios, and that will occasionally lead to reductions of certain books of business.

The focus on improving the quality of our business is but one facet of the palpable change in culture that is taking place at AXIS. I believe a new attitude has taken hold throughout the company, infused with an urgency to improve in areas that need fixing, to align ourselves around our strategic initiatives, and aggressively engage with our clients to pursue meeting their business needs. This attitudinal shift has only just begun to translate into bottom line results, but will be an essential ingredient in achieving our ambitious objectives going forward.

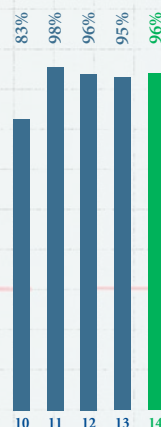
## SEGMENT HIGHLIGHTS

In 2014, AXIS benefitted from the diversity of our operations and the hybrid nature of our company as both an insurer and a reinsurer. This enabled us to gain favorable results in certain operations that helped offset difficult conditions in other areas of our business.

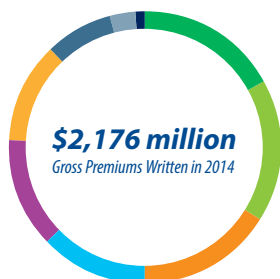
AXIS INSURANCE  
Gross Premiums Written



AXIS INSURANCE  
Combined Ratio

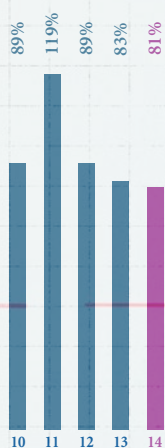


AXIS REINSURANCE  
Gross Premiums Written



- 17% Catastrophe
- 17% Liability
- 16% Property
- 13% Professional Lines
- 13% Motor
- 12% Credit and Surety
- 8% Agriculture
- 3% Engineering
- 1% Other

AXIS REINSURANCE  
Combined Ratio



**Insurance.** In our Insurance segment, we maintained our underwriting discipline in the softer pricing environment. We were selective in approaching new opportunities and shed some business that no longer met our standards. Our top line declined by 1%, but I believe we are in the process of building a better portfolio.

Our insurance book benefitted from light catastrophe experience and higher reserve releases from prior years, although these were offset by higher fire and energy business losses. Our U.S. primary D&O teams did an excellent job of restructuring their portfolios and improving their book of business. Nevertheless, we deemed it prudent to reserve for this line conservatively until the results of our efforts were more established.

Our new presence at Lloyd's, AXIS Syndicate 1686, performed very well in its first year of operation. It achieved substantial volume by taking over a significant segment of our London international insurance operations, and gained immediate access to new global markets through Lloyd's licenses. We are confident our new Lloyd's platform will generate an attractive portfolio of international specialty risk.

Our Accident & Health business, now in its fourth full year of operation since its start-up, lived up to our high expectations. Gross premiums rose 5% to \$281 million, and the business reached the milestone of breakeven profitability, as planned. Now an established competitor, A&H also achieved a fifty-fifty balance between its insurance and reinsurance businesses, an enormous accomplishment in terms of building its insurance infrastructure and overcoming the painstaking process of obtaining regulatory approvals on a state-by-state and country-by-country basis.

**Reinsurance.** As in our Insurance operations, AXIS Re benefitted from low catastrophe activity during the year. This was partially offset by



losses on revenue-protection products offered by our agriculture operations. Abundant rainfall resulted in bumper harvests of corn and soybeans, leading to a sharp drop in their prices, further exacerbated by the steep fall in the Brazilian real against the dollar, among other factors.

The highly competitive trading environment continued to be intensified by the influx of substantial capital from third-party providers, including pension funds, hedge funds and other alternative investment managers, seeking new avenues of investment yield. While they are most active in the catastrophe reinsurance area, third-party capital providers are also starting to seek opportunities in other corners of the reinsurance marketplace. This new competition, in addition to the traditional reinsurers repositioning their capital away from catastrophe and into longer-tailed lines, further drove down rates.

In response, we continued to explore ways to gain advantage from this trend. Through our new AXIS Re Ventures unit, we are utilizing our underwriting skill and fashioning creative ways to harness this available capital. At the same time, we are forging valuable partnerships, making use of an expanded range of options for assuming the risks we choose, and earning a management fee for AXIS. This phenomenon of third-party capital has led us to reassess our role as a capital provider and we are

We are pleased with the business we wrote during the year. We maintained a good level of profitability, continued to make excellent progress against our core strategic initiatives, and built value for our shareholders.



### **Ben Rubin**

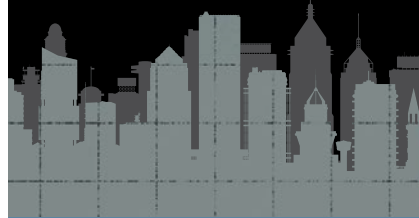
*Executive Vice President, Capital Markets  
AXIS Reinsurance*

*"The exciting thing about working at AXIS is that our leadership understands the dramatically changing landscape and has a well-thought-out plan to address it by partnering with alternative sources of capital.*

*"In 2014, we created AXIS Ventures Reinsurance Ltd to raise capital from investors interested in deploying funds directly into the property catastrophe and related short-tail reinsurance business. AXIS Re's longstanding reputation as a well-established and disciplined underwriter uniquely positions us to deliver to investors solutions that provide attractive, risk-adjusted returns that are uncorrelated with traditional investment products. This platform allows us to enhance our relationships with clients and leverage the company's market-leading underwriting, risk management and analytical resources.*

*"The most important thing is to match the right capital with the right risk—if you do that, you can create a much more dynamic organization than a traditional reinsurance company.*

*"Within two to four years, a third of the global property catastrophe market will be in the form of alternative capital—cat bonds, ILWs, collateralized reinsurance. We see alternative capital as both a risk and an opportunity. It's a risk in the way it impacts pricing, but it's an opportunity in the way it allows us to expand into new lines of business, expand the way we use capital, and generate extra revenue for the company. And it helps us when we buy reinsurance for our insurance companies."*





**Christine Prutting**  
Assistant Vice President, Claims  
AXIS Accident & Health

*"It's an exciting time to be at A&H. We're growing rapidly as the AXIS name gets out into the marketplace. Many MGUs are either looking to write new business with us or transfer existing business to us because of our fantastic reputation. Two-thousand fourteen was a banner year because of two very significant new specialty accounts that we gained.*

*"Throughout A&H, we want to do things right. There are no short cuts. We want to make sure we're putting the best product out there, and over the past five years brokers have seen what we can do. We're competitive, we align ourselves with third-party administrators that provide good service, and we're able to offer new and innovative products that some of the other carriers aren't able to provide.*

*"The real difference has been that we're absolutely dedicated to accident & health. We're not just a few individuals writing accident & health in the corner of a P&C business. A lot of our competitors have very small teams without any extra skills or resources. We have our own actuaries, operations teams, finance, claims managers, everything—that's a huge benefit."*

exploring multiple avenues for providing capital to our clients in whatever form works best for them. We envision this becoming a business of increasing size and potential.

In total, gross premiums written at AXIS Re rose 2%, to \$2.2 billion. This included a number of multiyear transactions whose upfront premiums will be earned over the life of their contracts. Although the pros and cons of multiyear deals are open to debate, we are happy to provide such contracts to our better customers as a service, as long as appropriate protections can be written into treaty terms.

## HIGHLIGHTS OF FINANCIAL PERFORMANCE

While the company's gross written premiums were flat, at \$4.7 billion, net income available to common shareholders rose to \$771 million, or \$7.29 per diluted common share. Return on average common equity was 14.8%. Our combined ratio was a commendable 91.6%, once again demonstrating AXIS' strong underwriting. Operating profit was \$563 million, or \$5.32 per diluted common share, down from the prior year primarily due to changes in the fair value of our alternative investments. Operating return on average common equity was 10.8%.

Our balance sheet, capital and reserves continued to be strong. Our results included favorable prior-year loss reserve development of \$259 million, a by-product of our conservative reserving and underwriting discipline.

Book value per diluted common share rose to \$50.63, and we raised our annual dividend by 7.4% to \$1.16 per share, our 11th consecutive yearly increase. This increased diluted book value per share adjusted for dividends—our most salient metric for reflecting the total value we create for shareholders—by 13% from the prior year, and is consistent with our enviable long-term trend since the establishment of our company.

## INVESTMENTS AND CAPITAL MANAGEMENT

For the year, net investment income was \$343 million, a decrease of 16%, primarily driven by changes in the fair value of our alternative investments. As a result of the low-yield environment, investment returns were modest in 2014.

Rated a strong AA- overall, our fixed-income portfolio maintained a prudent duration, which stands at 2.9 years, providing flexibility in anticipation of an eventual rise in interest rates.

In keeping with our mission as a (re)insurer, the core of our portfolio is comprised of investment-grade, fixed-income products. We enhance the efficiency of the portfolio through added diversification. The strong U.S. stock market boosted results and led to significant realized gains during the year. Our hedge funds, which provide exposure to the stock market but with greater downside protection, outperformed their benchmarks, but they generated only modest returns for the year.

Once again, we repurchased a significant amount of AXIS common shares, as a result of their attractive price and our confidence in the company's future. In total, we returned \$661 million in capital to our shareholders through share purchases and common share dividends, thus returning 117% of the year's operating income to shareholders. In December, our Board authorized another \$750 million repurchase program, which remains available.

We also took advantage of the low-interest-rate environment to issue \$250 million of 2.65% senior notes due 2019 and \$250 million of 5.15% senior notes due 2045, refinancing debt maturing in the year, and lowering our cost of capital.



***In our Insurance segment,***  
we were selective in approaching new opportunities and shed some business that no longer met our standards. Improved data and analytics also paid dividends and demonstrated the value of our stepped-up efforts in this area.



***Through our new **AXIS Re Ventures unit**,*** we are utilizing our underwriting skill and fashioning creative ways to harness the influx of substantial amounts of third-party capital into our industry.

## **EXECUTING ON OUR STRATEGIC INITIATIVES**

As I noted earlier, in 2014, AXIS continued to execute successfully against its key strategic initiatives. These have remained constant since they were first articulated three years ago. To recap, these strategic initiatives are to:

- Deliver diversified growth
- Optimize our enterprise-wide risk portfolio
- Enhance operational excellence, and
- Invest in our people and culture.

### ***Delivering Diversified Growth***

Over its relatively short lifespan, AXIS has delivered extraordinary growth, taking our expertise into new geographies, expanding our franchises into adjacent markets, and even entering wholly new specialty areas.

However, not every year is conducive to such rapid expansion, especially in the face of a difficult trading environment or structural changes in progress.

Still, we continued to grow within certain business areas, as demonstrated by our Accident & Health business. As noted, A&H continued to execute on plan, increasing its insurance gross premiums written by 75% in an industry sector growing only in the low single digits. In addition to reaping the benefits of previous investments that laid the groundwork for our wholesale and retail insurance offerings, we identified new opportunities around the globe.

In the United States, for example, in the wake of major changes driven by the Affordable Care Act, we found new opportunities in the healthcare market's non-regulated sector. As government reforms compelled

provider entities—HMOs, doctor groups and hospitals, especially among the smaller regional players—to bear more risk, we offered them a means to offset their increased burden. Similarly, in the UK, where increased complexity in consumer fairness laws fell hard on small businesses and other smaller entities, we found a market eager not only for our products but for our managerial and administrative support services. In addition, we launched three major insurance programs during the year.

And, we continued to expand globally. We have targeted geographies such as the Middle East and Africa, where developing-economy populations increasingly clamor for better health coverage and where governments, keen on facilitating economic growth, are willing to introduce private carriers to implement efficient and effective solutions.

Related to these opportunities in health care, we added to our professional liability lines with the hire of a highly experienced medical malpractice team. Also in professional lines, we entered into partnership with a major global risk manager to offer coverage for smaller law firms, expanding on our established expertise in lawyers' professional liability insurance for larger entities.

However, we recognize that not every new foray can be a success. This year we announced the closure of our local Canadian property operations, which could not achieve the volume and balance of business we had anticipated. We will continue to evaluate all our operations and take appropriate actions to focus our strengths on those areas that we believe will give us the greatest near- to mid-term opportunities for profitable growth.



**Brian Kemp**

Senior Vice President-Lead Pricing Actuary  
AXIS Insurance

*"It's become increasingly critical within the insurance industry to understand your exposures and the price you're getting for those exposures. At AXIS, we recognized we needed more people who can do those analytics and send that information back to the underwriters to help them make better decisions."*

*"From a technological standpoint, in 2014 we built the data infrastructure to support the analytics—getting the analytic organization in place, building the insurance data platform, and standardizing the data from our existing systems."*

*"We tremendously upgraded the analytic capabilities of our reserving. We're also looking more closely at claims—to see what new losses and trends are emerging—and bringing that forward into our pricing analysis."*

*"In pricing, we more than doubled our actuarial staff. This way, our actuaries can work much more directly with the underwriters. We're able to provide the underwriters with a lot more insight as to where the opportunities and challenges lie in their book of business and discuss what we need to do to improve the results."*







### **Edward Ashby**

*Global Head of Distribution  
AXIS Insurance*

*"AXIS has always been successful, but to fulfill our vision for the future we've got to be far more disciplined and surgical in identifying and pursuing the business that we want. We can't sit back and just wait for business to come in.*

*"We set forth a new approach for dealing with our distribution partners—by whom I really mean the brokers we work with. We asked ourselves, 'Who are the strategic brokers we need to focus on?' They don't have to be the largest brokers, but rather those who are better aligned to deliver a data-driven pipeline based on our underwriting appetite—not the business that we can write, but the business we want to write.*

*"Some of our business units get over 30,000 submissions a year. To use a gold-mining analogy, we've got to sift through a lot of rocks to find the gold nuggets. But if we know where the nuggets are, and carefully mine that instead—and put definitive plans around it, monitor it rigorously and also hold our partners accountable to outperform their industry peers—then we'll be able to see more of the opportunities we really want. We may not win them all, but we'll be a lot more effective in quoting."*

### ***Optimizing Our Enterprise-Wide Risk Portfolio***

AXIS has always maintained a culture of outstanding underwriting, but only recently dedicated significant resources to optimizing the construction of its risk portfolio as a whole. In 2014, AXIS made significant strides in spreading this concept across the organization and took action to construct a portfolio with greater balance and better focus on matching its rewards to the risks assumed.

One key effort was to improve our business mix to lower the volatility of our results. We therefore continued to moderate our exposure to catastrophe risk—which still constitutes an important piece of business—and further diversified into uncorrelated areas, including longer-tailed business and agriculture. Our goal is to achieve top quintile profitability among our peers while experiencing only mid-quintile, or industry average, volatility.

The other main component in our drive towards portfolio optimization was to improve the quality of our data and analytics, in order to make better underwriting decisions. In addition to extensive investments in technology, we grew our in-house actuarial, quantitative and modeling staffs, both at the corporate and business unit level.

Improved data and analytics paid dividends as we closely examined the risks that caused the U.S. primary D&O business in our Commercial Management Solutions book to underperform, and then aided us in successfully reconstructing a greatly improved book of business. This demonstrated throughout AXIS the value of our stepped-up efforts and the requirement to have better data and analytics for any company aspiring to be an industry leader.

### Enhancing Our Operational Excellence

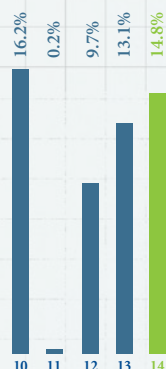
In addition to optimizing our portfolio, AXIS sought to achieve greater efficiency in every aspect of the company. We worked to maximize the productivity of our people, and invested in sustaining our top-tier capabilities and building in scalability that will allow us to grow. At the same time, we increased our focus on reducing expenses.

One key effort was to improve our business mix to lower the volatility of our results. Our goal is to achieve top-quintile profitability among our peers while experiencing only mid-quintile, or industry average, volatility.

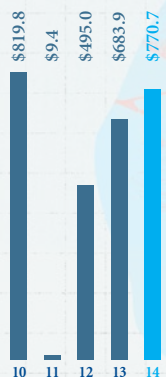
In our finance area, we achieved both improved performance and cost reduction by outsourcing several of our routine business processes. In technology, we entered into agreements with two leading vendors to outsource our technology infrastructure and applications management. While we retain the decision-making and intellectual capital governing our systems at the front end, as well as their implementation at the business level, we have increasingly outsourced the large connective structure on a cost-effective and scalable basis.

We initiated or completed several major technology projects. These included improving our portfolio analytics, a new pricing platform for our reinsurance operations, a new general ledger platform, new underwriting systems for our reinsurance and U.S. insurance operations,

RETURN ON AVERAGE  
COMMON SHAREHOLDERS'  
EQUITY ("ROACE")

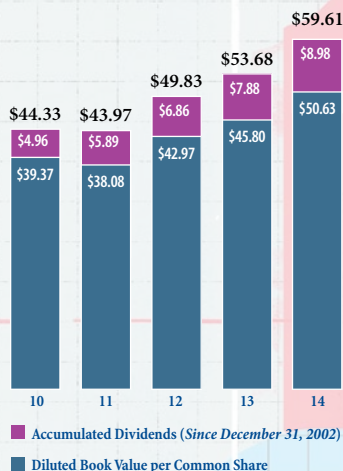


NET INCOME AVAILABLE TO  
COMMON SHAREHOLDERS  
(\$ in millions)



#### DILUTED BOOK VALUE PER COMMON SHARE

+ Accumulated Dividends



enhancements to our actuarial reserving systems, fortified information security, and enhanced end-user capabilities such as updated workstations and videoconferencing.

Outsourcing is not the best solution to every situation. We determined that AXIS had reached a size, maturity and complexity that required us to bring in-house our actuarial reserving function, a process previously outsourced. Within less than a year, we effected the switchover, which demanded substantial technological groundwork and the hire of additional actuarial talent. As a result, we improved our management information; achieved a more useful, granular work product; better integrated our underwriting, claims and pricing teams; and reduced by two-thirds the time required to perform our quarterly closing from a reserving perspective.

#### *Investing in Our People and Our Culture*

At AXIS, people are our greatest asset, and we have consistently attracted talent of the highest caliber. Our culture has been intellectually rigorous, deliberate, respectful, and one that values teamwork.

As a learning organization, we help our people develop their skills and introduce new concepts to our thinking. This past year, we carried out numerous professional development initiatives. As one example, under an expanded human development staff, we rolled out a leadership training program for managers, aimed at identifying critical skills that all employees need, and how to communicate and manage the development of these skills. As we proceed through 2015, we will advance into the next phase of this program and cascade its training further through our organization.

We have the talent, relationships with clients and brokers, broad risk appetite, risk management and capital required to perform well even in difficult markets.



## ***In total, we returned \$661 million in capital to our shareholders***

through share purchases and common share dividends, thus returning 117% of the year's operating income to shareholders.

Having made significant investments in improving our distribution resources, in addition to our underwriting, financial and operational skills, we are focused on cultivating relationships and engaging more aggressively with our clients, and not just sitting back and waiting for the business to come to us.

We also fully accept our shared responsibility to deliver superior risk-adjusted results to our shareholders. In that vein, we are working to instill a culture of "pay for performance," in which people assume personal responsibility for delivering the required results and understand they will not automatically be rewarded for the achievements of others.

This is all part of the new attitude taking hold within our company, which I believe will be vital for maintaining our leadership position in our changing marketplace.

### **OUTLOOK**

Looking ahead, I expect we will continue to experience a challenging environment in the near term. Pricing will continue to decline, although I am cautiously optimistic that at least we may have seen the worst of its descent.



**Janice Ratliff**  
Vice President, Operations  
Professional Lines, AXIS Insurance

*"AXIS is dedicated to developing our staff and creating internal opportunities for people who are qualified to grow and develop with us. That's a basic part of our strategy."*

*"In 2014, in Professional Lines we developed a management training program. We introduced a new role called a unit coordinator, for employees to begin learning to manage operations and supervise staff. We selected people with excellent technical skills and business acumen who were interested in managing others. Working with HR, we developed a curriculum and onsite training. We started with a class on how to supervise people who were previously your peers, and how to manage difficult conversations. The next time we're looking for somebody to fill a leadership role, we'd prefer to take one of these people and advance them to the next level."*

*"For underwriting assistants, we have a whole new strategy. We've raised our expectations—it used to be just a clerical position, putting policies together and creating a paper file. Now, they must have college degrees and proven skills in building relationships, not just with the underwriters but with the brokers, too, to help generate business and retain renewals."*

*"At AXIS, we've got really smart people at all levels, and we're all engaged in what we can do to grow our business and our relationships."*





### Edward Talarico

EVP, Commercial Management Solutions  
Professional Lines, AXIS Insurance

*"In 2014, our underwriting, actuarial, claims and finance teams collaborated to rebalance our Directors and Officers Liability portfolio. We used the deepest analytics I've ever seen, identified the areas we needed to fix and then set out a clear strategy to execute. We opted for a 'rip the bandage off' approach, setting out to accomplish what most companies do over two years, in one!*

*"Reshaping meant shrinking the book and targeting certain accounts for adjustment. That's not a very popular thing to do. But overall, we're happy with the support we received from our brokers.*

*"Our mantra was to communicate often and clearly; our key concern was to stay relevant within the marketplace.*

*"Now we're positioned to grow the portfolio. More importantly, we'll remain in this high-analytics, collaborative mode so we can grow the portfolio profitably. Looking two to five years down the road, this portfolio is appropriately balanced to produce excellent results."*

We have purposely invested in those areas of economic activity—such as agriculture and health care, and are exploring opportunities in new risks, like cyber security—that are likely to grow faster than the economy overall.

### *AXIS' Advantageous Positioning*

Despite these challenges, our company is well positioned to succeed.

We have the talent, relationships with clients and brokers, broad risk appetite, risk management and capital required to perform well even in difficult markets.

Longer term, I am confident in knowing that our industry retains a vital role in the proper functioning of a healthy open-market economy. We enable our customers to most efficiently direct their capital and energies where they believe it will do the most good, and count on us to help them in the event of unanticipated mishaps. Insurance provides a safety net to economic activity, and at AXIS, we have purposely invested in those areas of economic activity—such as agriculture and health care, and are exploring opportunities in new risks, like cyber security—that are likely to grow faster than the economy overall.

### *A Word of Thanks and Appreciation*

Finally, 2014 was a year of continued evolution in our management ranks and in our professional staff. I wish to express my deepest gratitude to Dennis Reding and Jack Gressier, both highly valued members of our executive committee, who announced their retirements during the year.



Both Dennis and Jack had been key officers at AXIS since its very earliest days, and their consummate expertise, profound wisdom and tireless leadership were invaluable in making AXIS into such a respected and successful participant in our industry.

We have a very strong leadership team in place, and I am very pleased with the progress achieved during the year. We hailed the advancement of Peter Wilson to head our Insurance operations. We also welcomed David Phillips as our new Chief Investment Officer and added the role of Chief Risk Officer to Eric Gesick's position of Chief Actuary. We added a new head to our distribution efforts, a new HR chief and several new teams of highly skilled underwriters. In all, AXIS has assembled an exceptional team of underwriting and professional talent.

As always, I wish to thank all our employees for their hard work and diligence throughout the year. And above all, I am grateful to our shareholders for their continued support.

Sincerely,



**Albert Benchimol**  
President and Chief Executive Officer

#### TOTAL CAPITAL\*

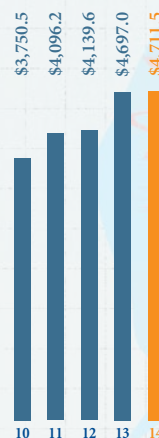
(\$ in millions)



\*Total Capital represents the sum of total shareholders' equity attributable to AXIS Capital and senior notes.

#### GROSS PREMIUMS WRITTEN

(\$ in millions)



# Strategic Global Presence

5  
Continents

29  
Offices

1,254  
Employees

## CANADA

*Toronto*

## UNITED STATES

*Alpharetta*

*Berkeley Heights*

*Boston*

*Chicago*

*Hartford*

*Houston*

*Kansas City*

*Los Angeles*

*Napa*

*New York*

*Princeton*

*San Francisco*

*St. Paul*

## EUROPE

*Barcelona*

*Dublin*

*London*

*Madrid*

*Paris*

*Zurich*

## BERMUDA

*Corporate Headquarters*

## BRAZIL

*São Paulo*

## ASIA

*Singapore*

## AUSTRALIA

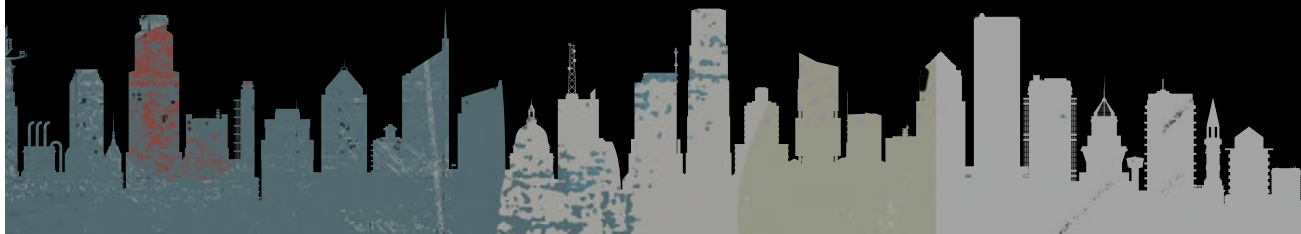
*Adelaide*

*Brisbane*

*Melbourne*

*Perth*

*Sydney*



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### *Zurich*

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Fax 61 2 8235 1095

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Fax 1 617 531 0150

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Fax 1 816 471 6119

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Fax 1 213 452 4701

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707 226 0601  
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1 212 500 7600  
Fax 1 212 940 3340

### *Princeton*

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Princeton, NJ 08540  
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Fax 1 609 375 9170

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450 Sansome Street  
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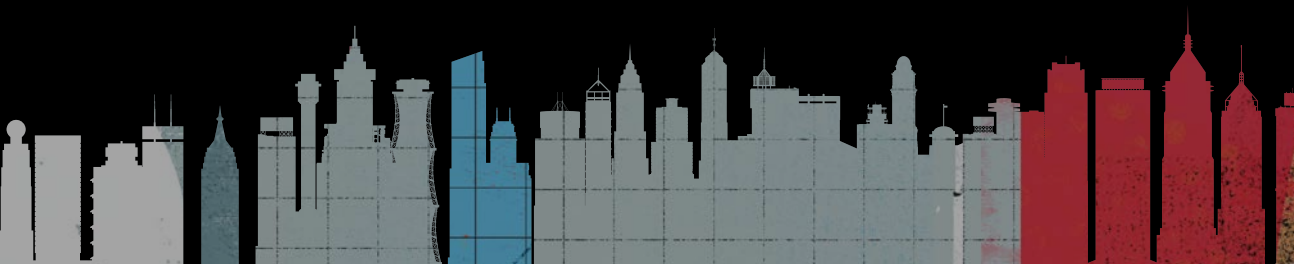
### *St. Paul*

445 Minnesota Street  
Suite 2500  
St. Paul, MN 55101  
1 888 720 3773  
Fax 1 800 739 5090

## **ASIA**

### *Singapore*

80 Raffles Place  
#29–20 UOB Plaza 2  
Singapore 048624  
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Fax 65 6579 0659



# Directors and Executive Officers

## DIRECTORS

### Geoffrey Bell

President,  
Geoffrey Bell and Company  
– Compensation Committee  
– Finance Committee  
– Risk Committee

### Albert A. Benchimol

President and  
Chief Executive Officer,  
AXIS Capital  
– Executive Committee  
– Risk Committee

### Jane Boisseau

Former Partner and Co-Chair,  
Insurance Regulatory Department of  
Dewey & LeBoeuf LLP  
– Audit Committee  
– Corporate Governance and  
Nominating Committee

### Michael A. Butt

Chairman of the Board,  
AXIS Capital  
– Executive Committee

### Charles A. Davis

Chief Executive Officer,  
Stone Point Capital L.L.C.  
– Executive Committee  
– Finance Committee, Chairperson

### Robert L. Friedman

Senior Advisor and  
Former Senior Managing Director,  
Blackstone Group L.P.  
– Compensation Committee  
– Finance Committee

### Christopher V. Greetham

Former Chief Investment Officer,  
XL Capital Ltd.  
– Compensation Committee  
– Finance Committee  
– Risk Committee, Chairperson

### Maurice A. Keane

Former Group CEO,  
The Bank of Ireland  
– Audit Committee  
– Corporate Governance and  
Nominating Committee  
– Risk Committee

### Sir Andrew Large

Former Deputy Governor  
for Financial Stability,  
Bank of England  
– Corporate Governance and  
Nominating Committee  
– Risk Committee

### Cheryl-Ann Lister

Former Chairperson and CEO,  
Bermuda Monetary Authority  
– Corporate Governance and Nominating  
Committee  
– Risk Committee

### Thomas C. Ramey

Former Chairman and President,  
Liberty International,  
Liberty Mutual Group  
– Audit Committee, Chairperson  
– Compensation Committee

### Henry B. Smith

Former CEO,  
W.P. Stewart & Co., Ltd. and  
Bank of Bermuda Limited  
– Audit Committee  
– Compensation Committee,  
Chairperson  
– Corporate Governance and  
Nominating Committee,  
Chairperson  
– Executive Committee, Chairperson

### Alice Young

Special Counsel and Chairperson  
of Asia Pacific Practice,  
Kaye Scholer LLP  
– Audit Committee  
– Corporate Governance and  
Nominating Committee

### Wilhelm Zeller

Former Chairman  
of the Executive Board,  
Hannover Re  
– Finance Committee  
– Risk Committee

## EXECUTIVE OFFICERS

### Albert A. Benchimol

President and  
Chief Executive Officer

### Christopher N. DiSipio

Chief Executive Officer  
AXIS Accident & Health

### Peter W. Wilson

Chief Executive Officer  
AXIS Insurance

### Joseph C. Henry

Executive Vice President and  
Chief Financial Officer

### John D. Nichols

Chief Executive Officer  
AXIS Reinsurance

# Shareholder Information

## INVESTOR RELATIONS

Visit the Investor Information section of [www.axiscapital.com](http://www.axiscapital.com), write to the Investor Relations Department of AXIS Capital or email [investorrelations@axiscapital.com](mailto:investorrelations@axiscapital.com) for copies of AXIS Capital's Annual Report, Forms 10-K and 10-Q or other reports filed with or furnished to the Securities and Exchange Commission.

## ADDRESS INVESTOR RELATIONS INQUIRIES TO:

Director, Investor Relations  
AXIS Capital Holdings Limited  
92 Pitts Bay Road  
Pembroke HM 08, Bermuda  
Tel: 1 441 405 2727  
Email:  
[investorrelations@axiscapital.com](mailto:investorrelations@axiscapital.com)

## TRANSFER AGENT AND REGISTRAR

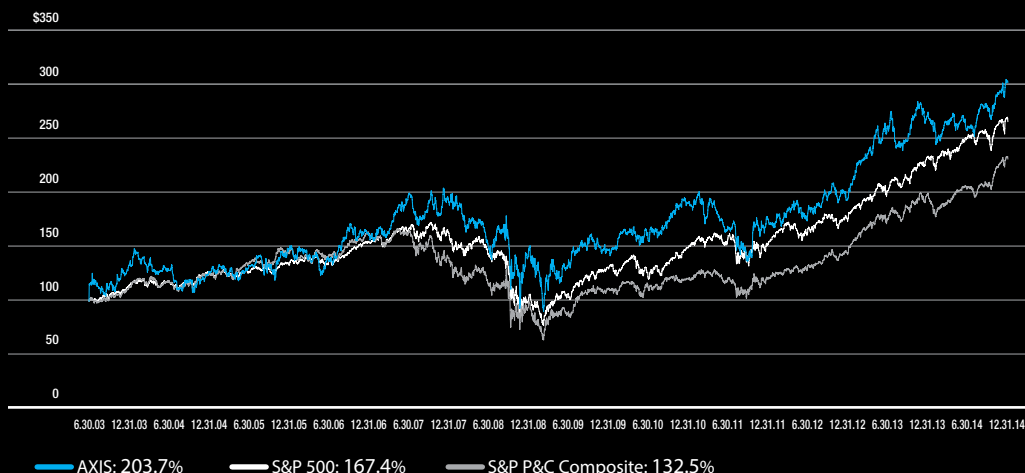
The Transfer Agent for AXIS Capital is Computershare.  
For shareholder inquiries, please contact Computershare:  
By regular mail:  
P.O. Box 30170  
College Station, TX 77842  
By overnight delivery:  
211 Quality Circle  
Suite 210  
College Station, TX 77845  
Tel: 1 800 522 6645  
(U.S. Shareholders)  
Tel: 1 201 680 6578  
(Non-U.S. Shareholders)  
Website:  
[www.computershare.com/investor](http://www.computershare.com/investor)

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte Ltd.  
Corner House  
Church & Parliament Streets  
Hamilton HM FX, Bermuda

## TOTAL SHAREHOLDER RETURN

AXIS Capital Holdings Limited



Set forth above is a graph comparing the yearly percentage change in the cumulative total shareholder return on our common shares (assuming reinvestment of dividends) from July 1, 2003, the date that our common shares began trading on the New York Stock Exchange, through December 31, 2014 as compared to the cumulative total return of the Standard & Poor's 500 Stock Index and the cumulative total return of the Standard & Poor's Property and Casualty Insurance Index. This graph assumes an investment of \$100 in July 2003.

The company's total return is computed using the initial public offering price of \$22.00 per share.





[www.axiscapital.com](http://www.axiscapital.com)