

# **Maintaining profitability through the underwriting cycle**

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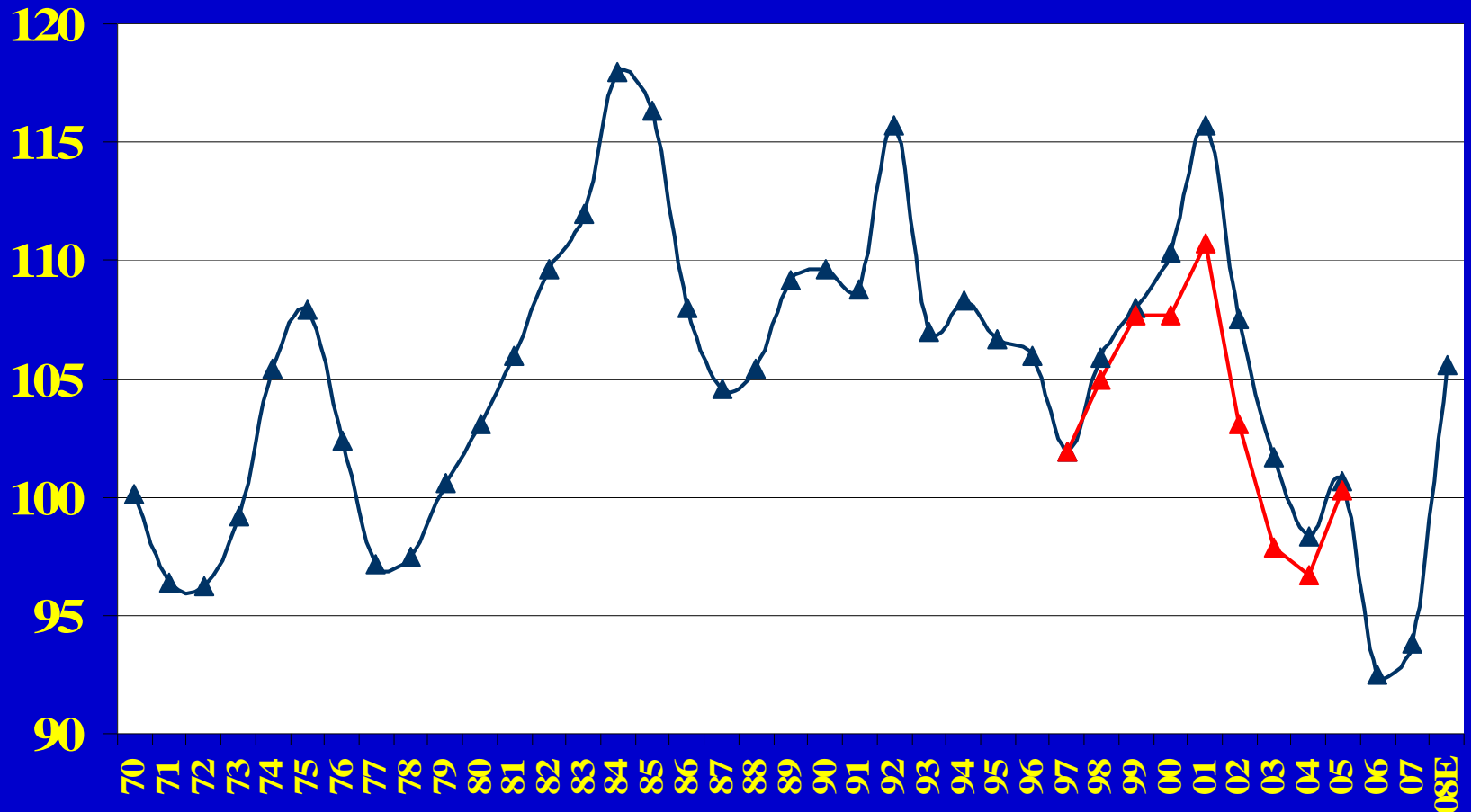
Chairman

Arch Insurance Company (Europe) Ltd

# **A History of Cyclicality**

## **Combined Ratio**

# P/C Industry Combined Ratio

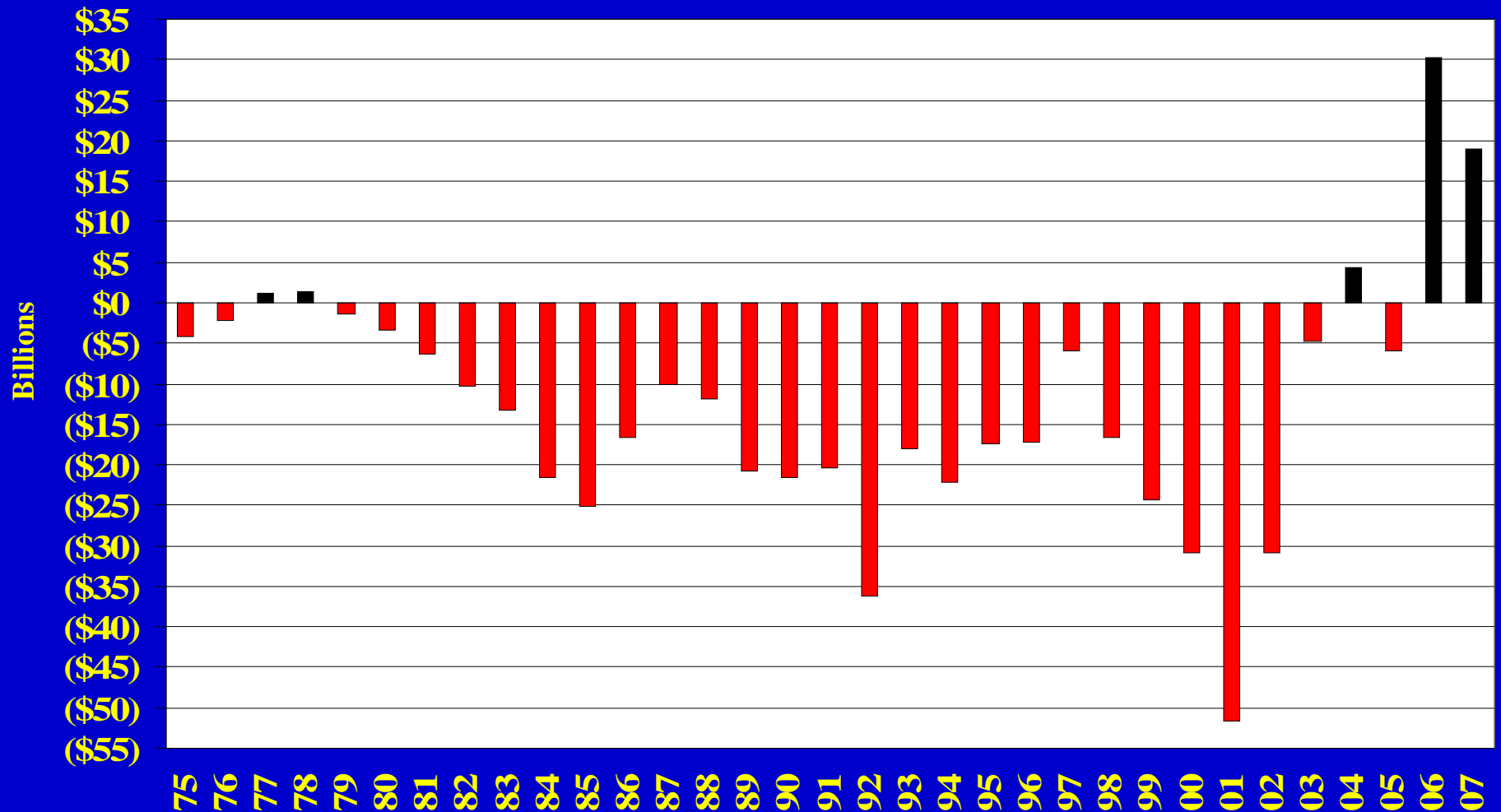


USA Industry — Global Industry —

Sources: A.M. Best; ISO, III, Dowling & Partners, St. Johns University

# P/C Underwriting Gain (Loss)

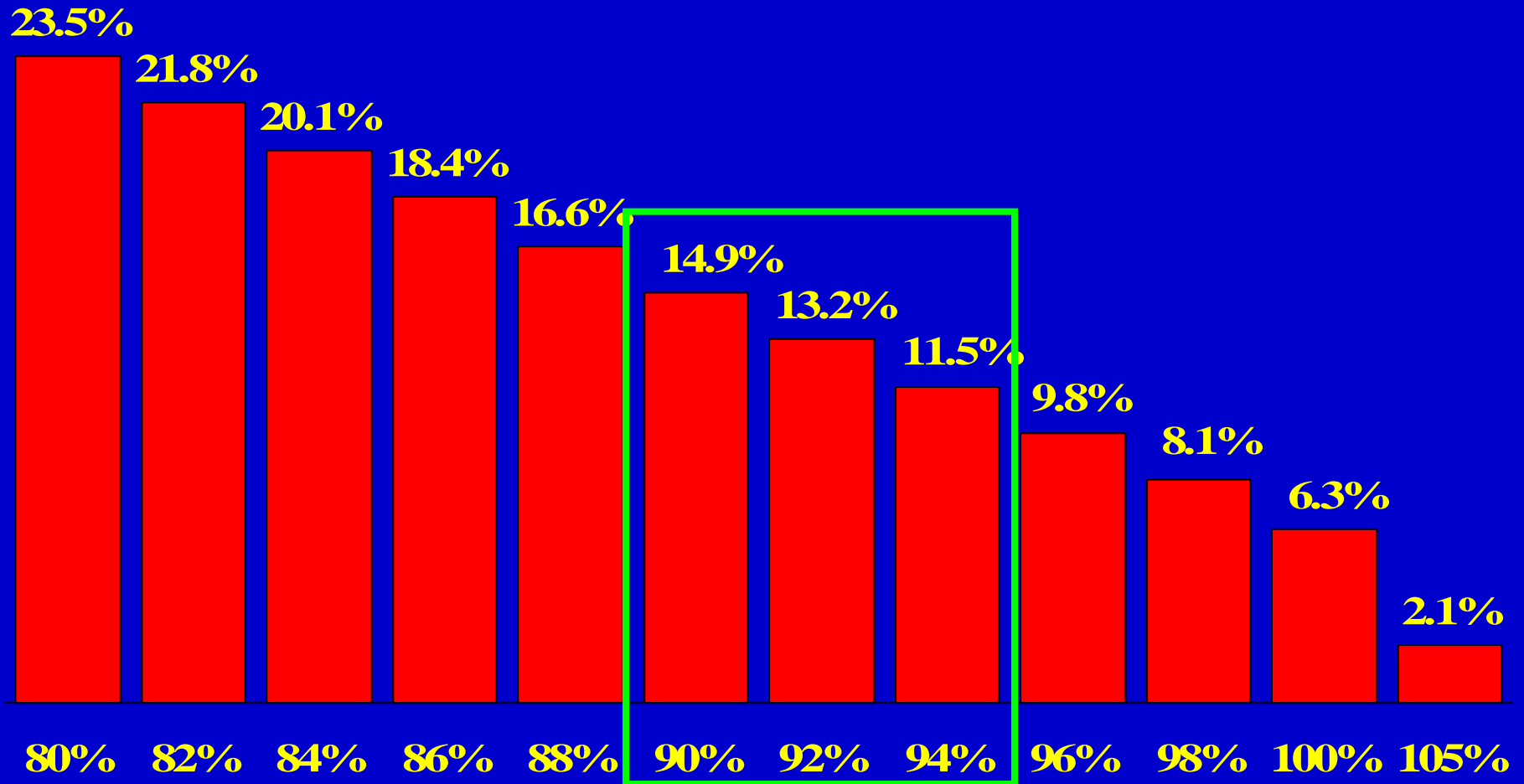
## 1975-2007



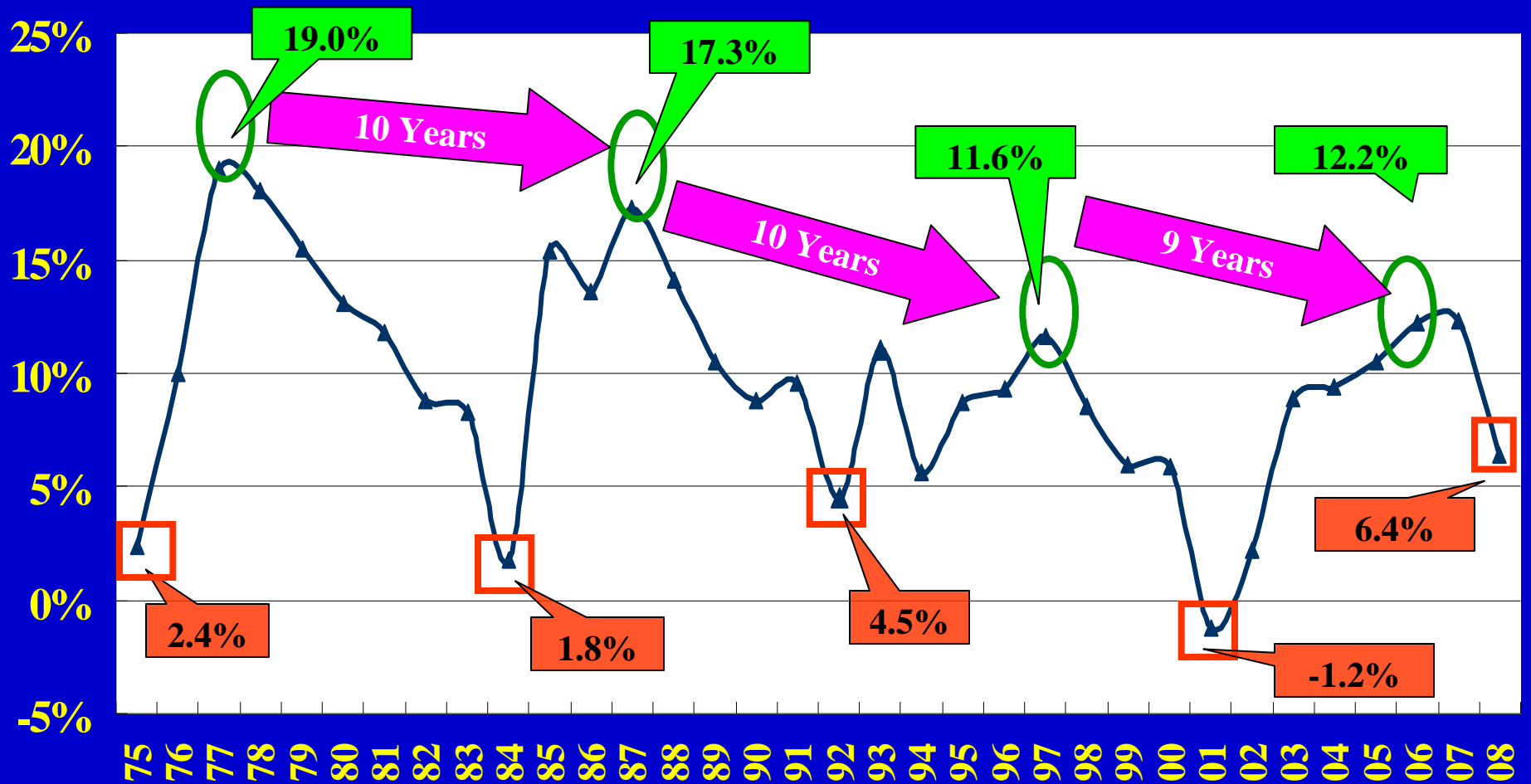
\*\*\*Insurers suffered €5.6 billion in Net losses on underwriting in first half of 2008

Sources: A.M. Best, Insurance Information Institute, St. John's University

# After-Tax ROE for Selected AY Combined Ratios



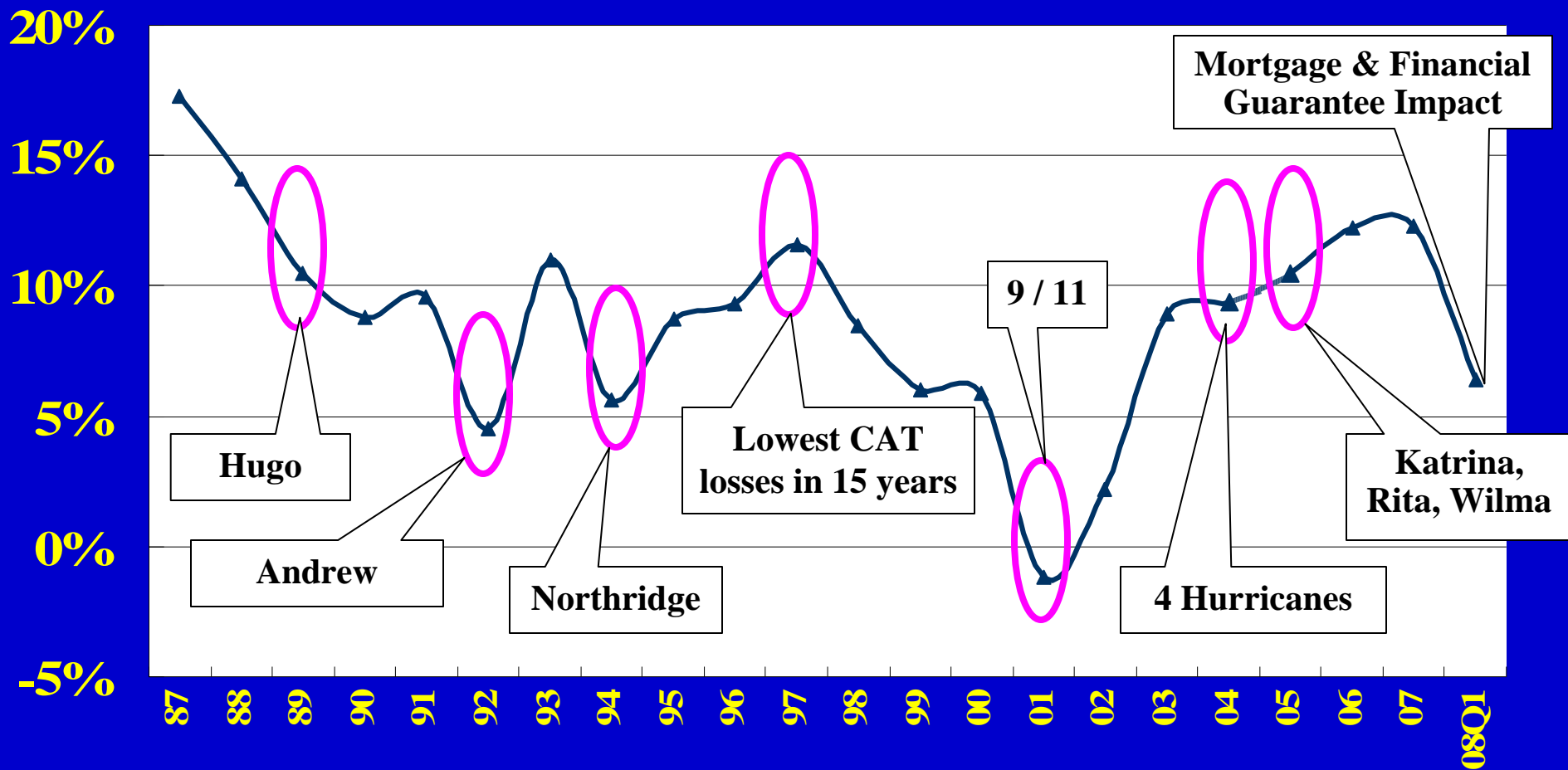
# Profitability Peaks & Troughs in the P/C Insurance Industry, 1975 – 2008: Q1



\*GAAP ROE for all years except 2007 which is ROAS of 12.3%. All figures include mortgage and financial guarantee insurers. Excluding M&FG insurers 2008: Q1 ROAS is 9.5%.

Sources: Insurance Information Institute; ISO, Fortune

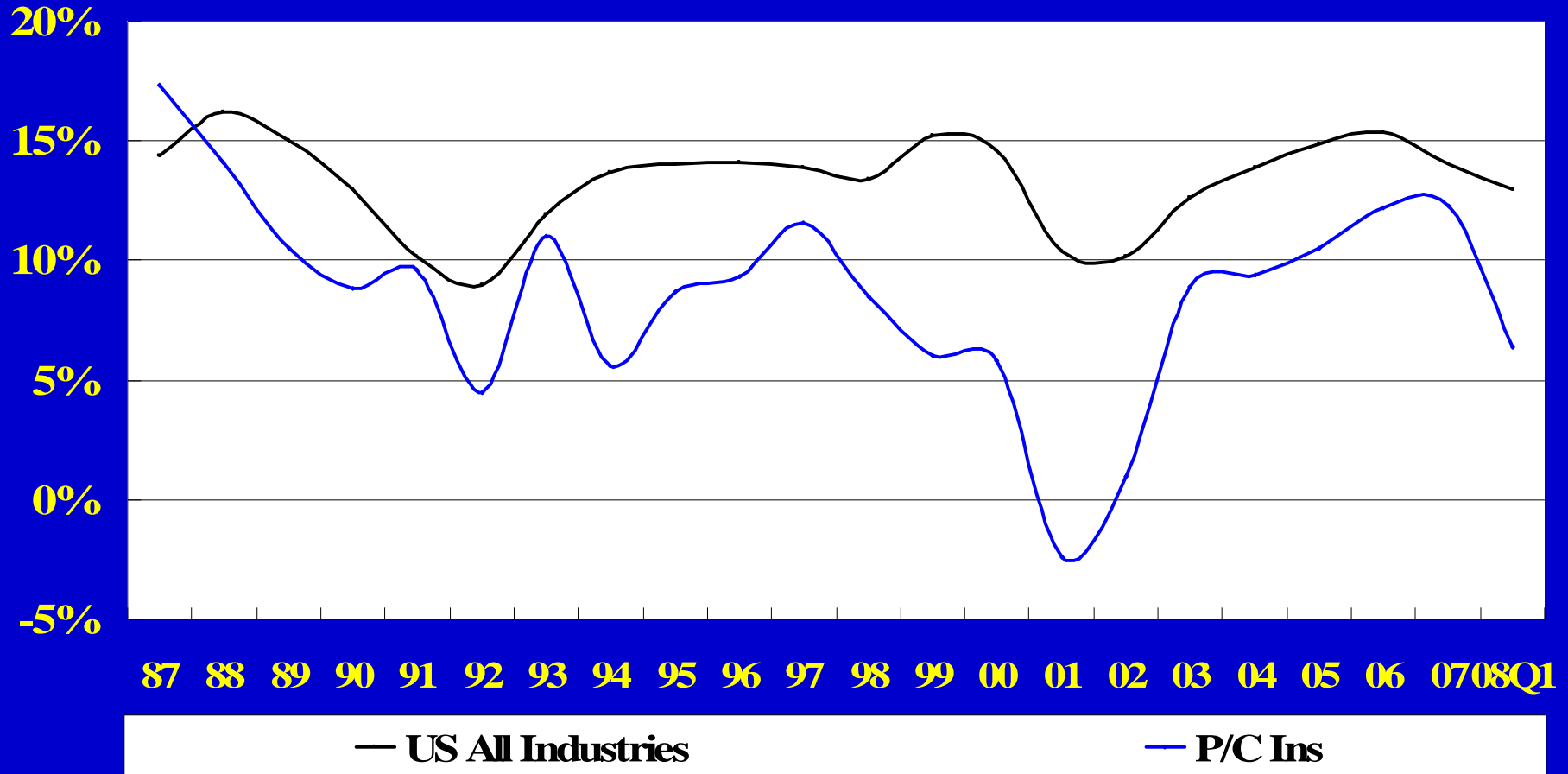
# ROE: P/C Insurance Industry 1987 – 2008: Q1



2008 P/C insurer figure is annualized Q1 return on average surplus. Excluding mortgage and financial guarantee insurers = 9.5%

Source: ISO, Fortune, Insurance Information Institute

# ROE: P/C vs All industries 1987 – 2008:Q1



2008 P/C insurer figure is annualized Q1 return on average surplus. Excluding mortgage and financial guarantee insurers = 9.5%

Sources: ISO, Insurance Information Institute, Fortune.