



Aspen

Aspen Insurance Holdings Limited

KBW Insurance Conference  
September 9, 2004

Julian Cusack, Chief Financial Officer

# Forward Looking Statements

Statements contained in this presentation that are not based on current or historical fact are forward-looking in nature. Such forward-looking statements are based on current plans, estimates and expectations. Forward-looking statements are based on known and unknown risks, assumptions, uncertainties and other factors. For a detailed description of these factors, please see the "Risk Factors" and "Forward-Looking Statements" sections in the Company's Form 10 K filed with the U.S. Securities and Exchange Commission.

The Company's actual results, performance, or achievements may differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements and you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statement.

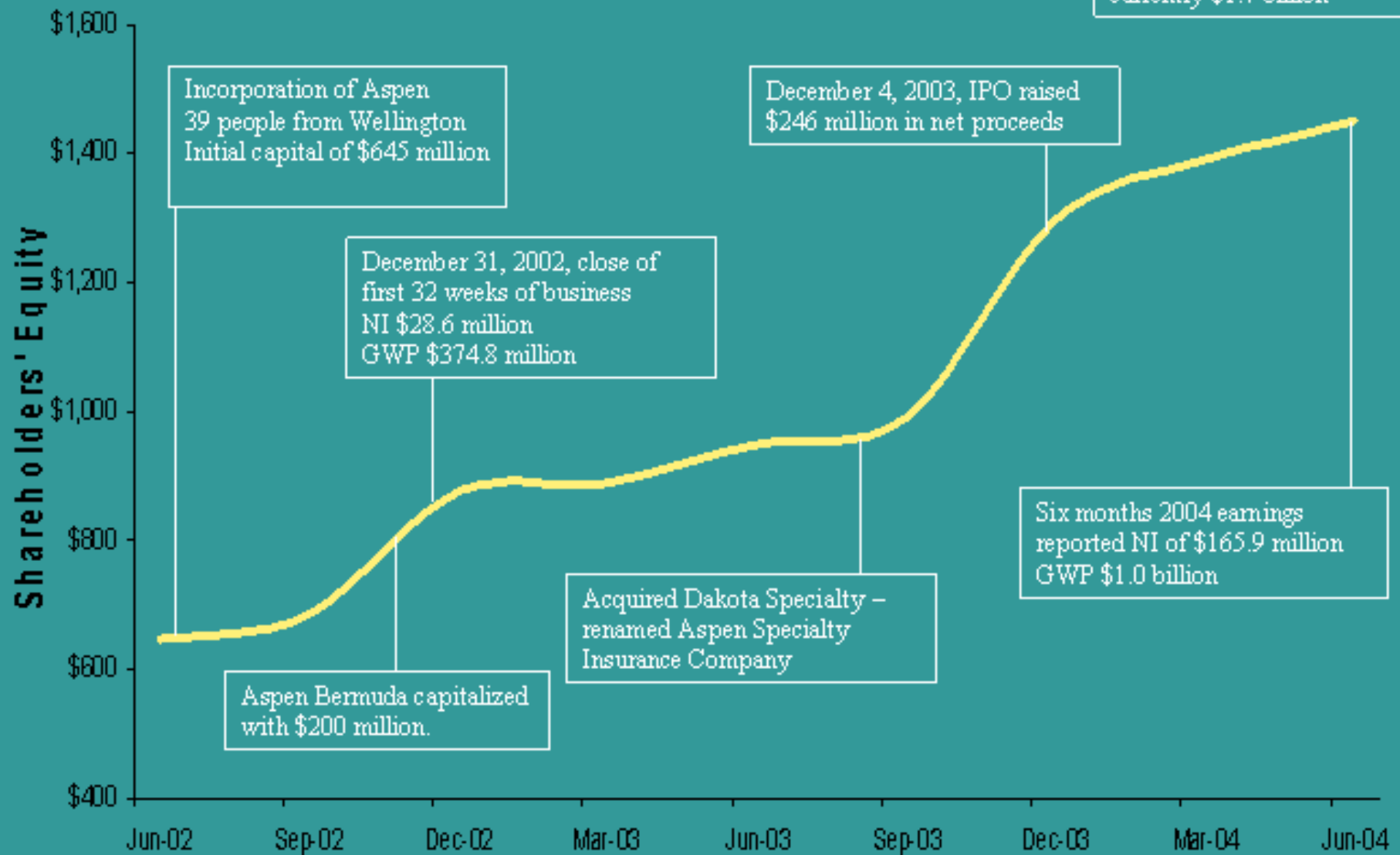


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## Agenda

1. Overview
2. Our results
3. Market outlook and future opportunities

# Milestones



## Aspen's Profile

- A NYSE listed P&C reinsurer and insurer
- Domiciled in Bermuda
- Surplus of US\$1.45 billion (6/30/04)
- Operations in the UK, Bermuda and the USA
- 2003 GPW of US\$1.3 billion;  
6 months 2004 GPW of US\$1.0 billion
- 212\* employees worldwide

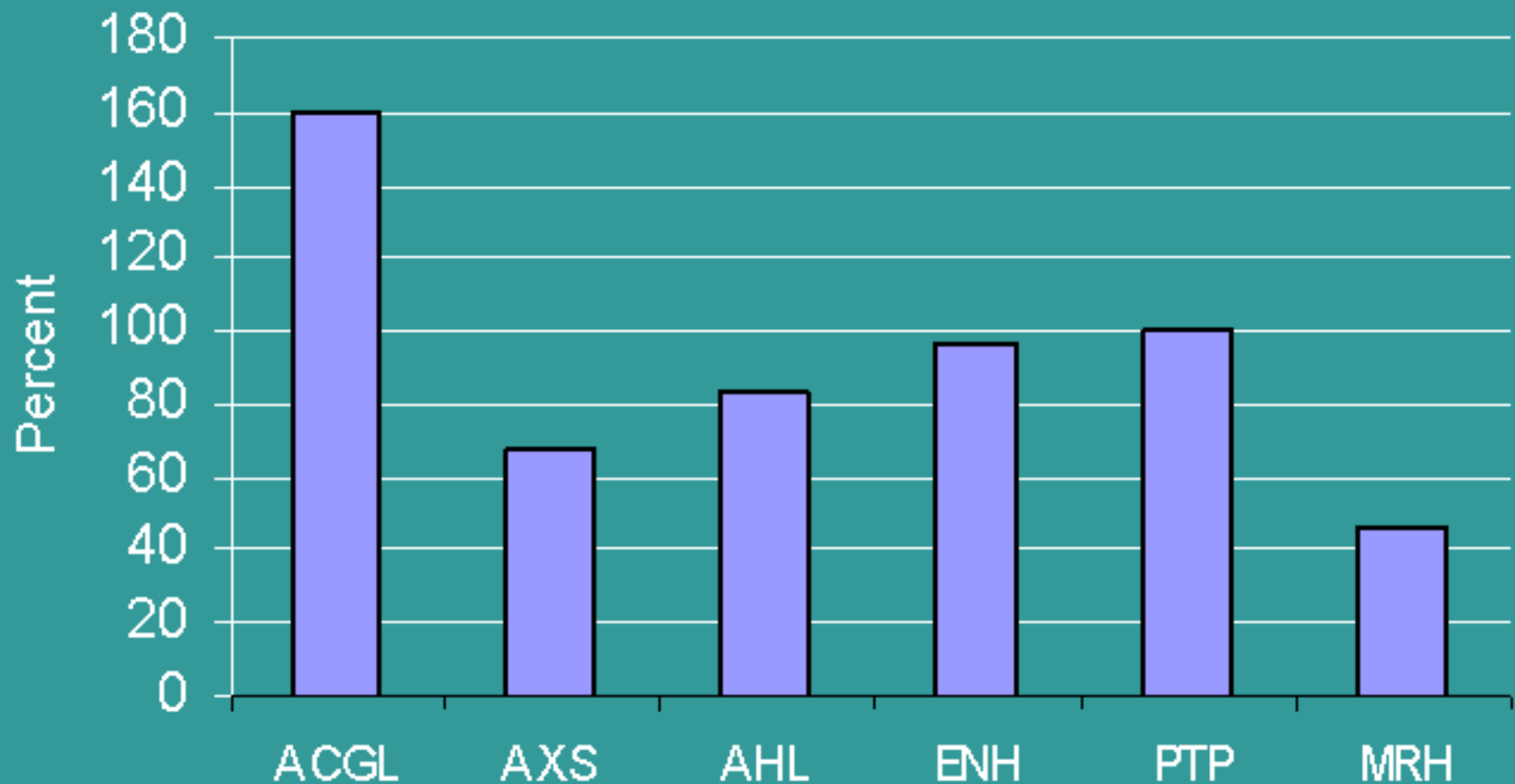
(\*) as at August 27, 2004

# Aspen's Advantage

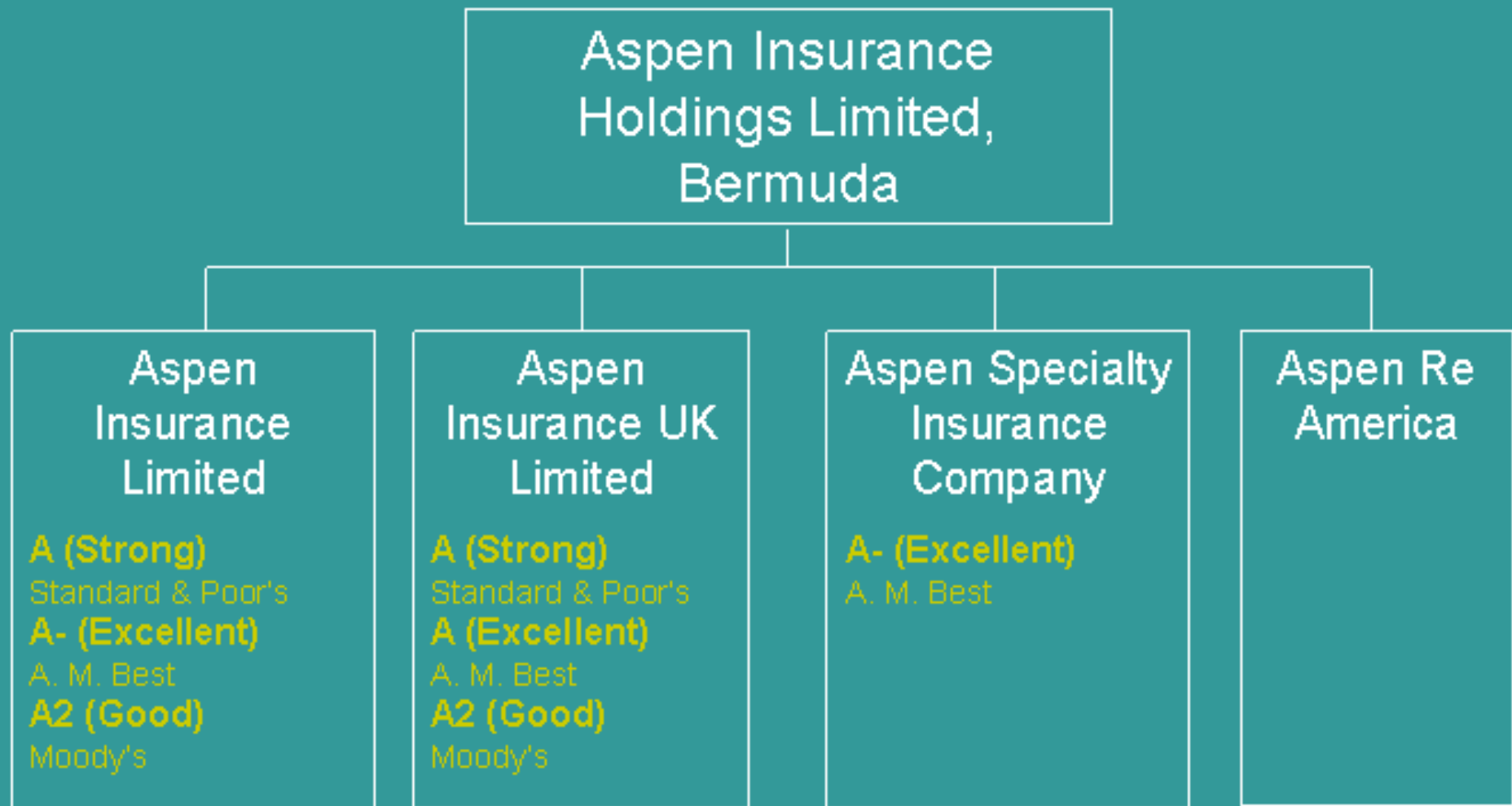
- Unencumbered balance sheet
- Experienced underwriting team with distinguished capabilities
- Leadership positions in diverse reinsurance and specialty insurance lines
- Flexible and disciplined market approach
- Focused on complex risks
- Profitable, long-term client relationships
- Proven track record in all market cycles
- Well capitalized to pursue growth opportunities

# Operating Leverage

NWP/Shareholders' Equity  
(based on 2003 NWP)



# Corporate Organization Chart



Simplified: for full corporate structure see Financial Supplement published on Feb 20, 2004





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## 2. Our results

# Overview of Financial Performance

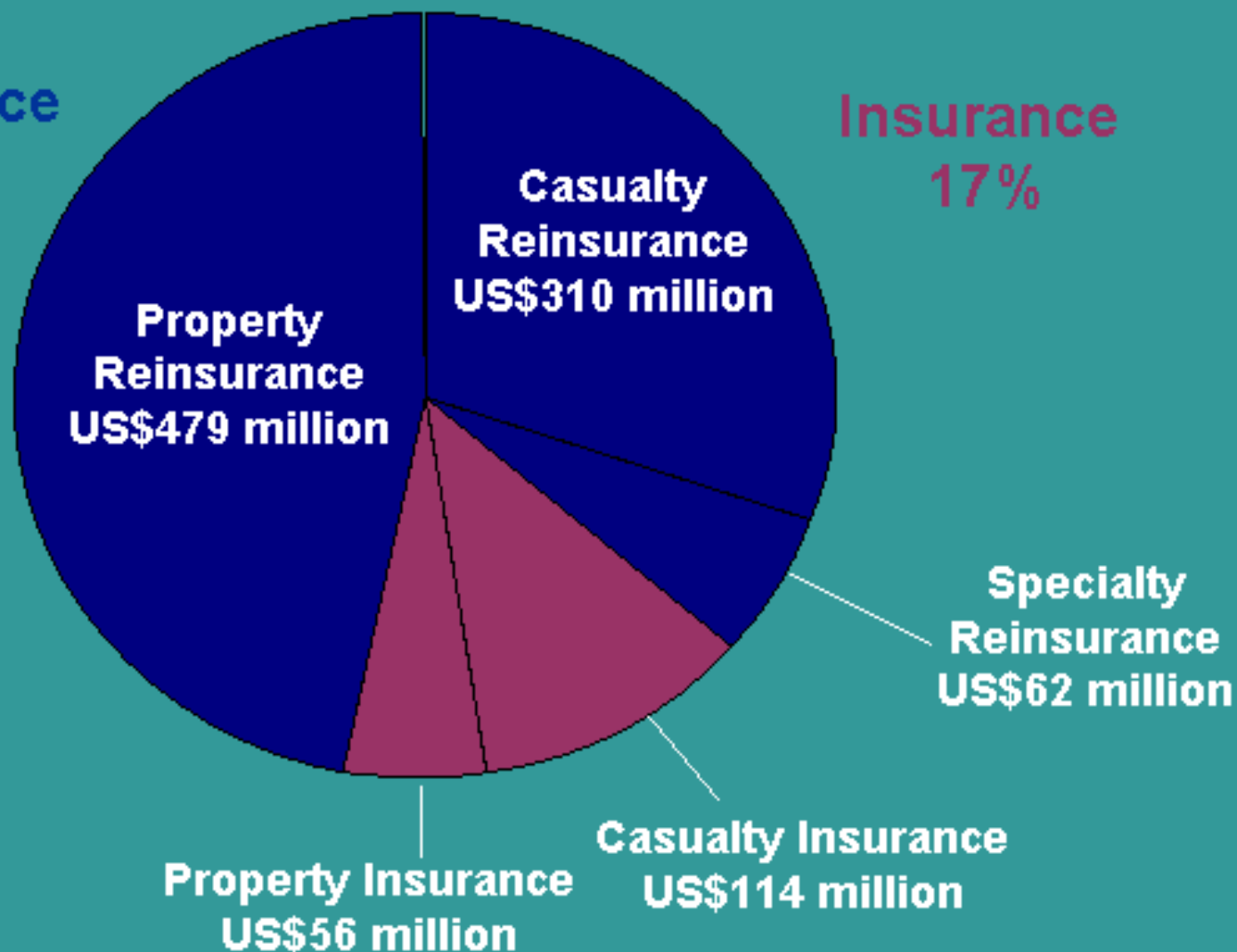
(US\$ in billions)

	<u>FY2003</u>	<u>1H 2004</u>
Operating Annualized ROE	16%	25%
Combined Ratio	78%	68%
GWP	\$1.3	\$1.0
Shareholders' Equity	\$1.3	\$1.5
Cash and Invested Assets	\$1.8	\$2.2

# What we wrote in the first half of '04

**Reinsurance**  
83%

**Insurance**  
17%



1H 2004 GPW – US\$1,021 billion

# Line of Business Results – First half '04

## REINSURANCE

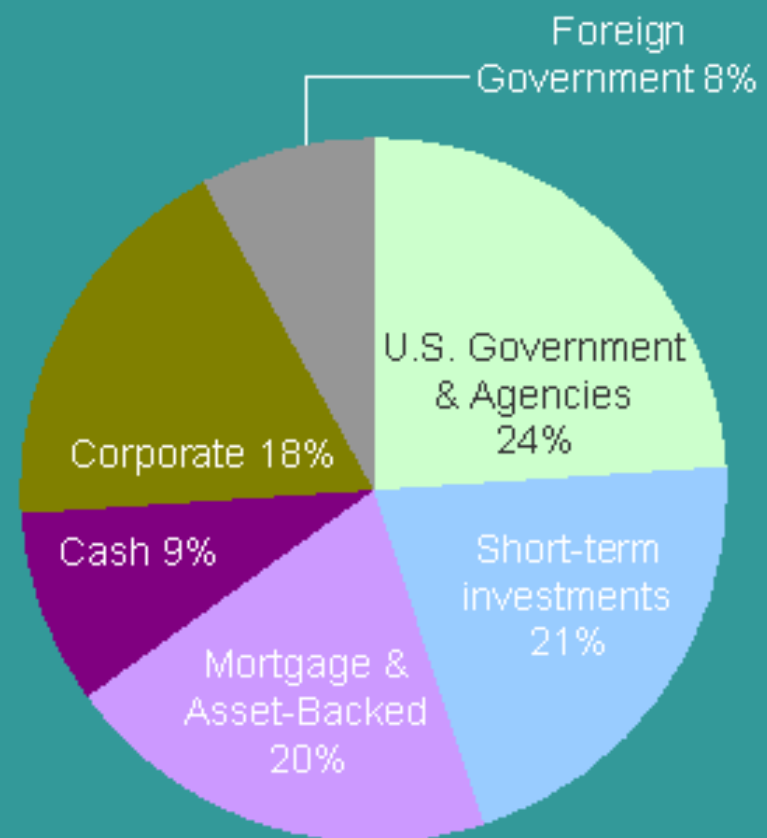
## INSURANCE

<b>(US\$ in millions)</b>	PROPERTY	CASUALTY	SPECIALTY	PROPERTY	LIABILITY
Gross Premiums Written	\$479.3	\$309.6	\$62.5	\$55.7	\$113.5
Net Premiums Written	373.9	301.3	61.5	37.0	99.3
Net Premiums Earned	255.3	160.4	63.9	34.9	118.3
Underwriting profit	\$129.1	\$15.6	\$25.8	\$7.2	\$23.2
Loss Ratio	17%	68%	41%	50%	57%
Expense Ratio	32	22	19	29	23
Combined Ratio	49%	90%	60%	79%	80%

# Invested Assets

- Conservative strategy designed to provide limited book value volatility
- Diversified, highly-rated, liquid fixed income portfolio
- No current exposure to equities or alternative asset classes
- Strict guidelines on overall portfolio concentration, credit and duration
  - Portfolio average AA- or better
  - Duration of 1.90 years ex-money market as of 6/30/04, increasing towards 2.5 years.

Investment Portfolio Mix  
As of 06/30/04



US\$2.2 billion

# Capital Management

- December 2003 - IPO - \$246 million in proceeds to Aspen
- August 2004 - Inaugural senior note offering\* upsized from \$200 million to \$250 million based on demand - \$247 million in proceeds to Aspen
- Capital to be utilized to expand underwriting capacity
- No plans to make any return of capital for the remainder of 2004
- Future policy will seek to optimize shareholder returns while maintaining financial strength

*(\*) Notes were rated BBB by S&P and Baa2 by Moody's*



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### 3. Market outlook and future opportunities

## 2004 Market Outlook - Property

- Strong catastrophe reinsurance 1/1 renewals – no significant fall in rate adequacy
- Less competition in more complex risks
- Slight reduction in rate adequacy on per risk treaties
- Security and continuity helped secure preferential signings
- Overall we anticipate 7% reduction in property reinsurance rates over whole of 2004
- Some competition returning in UK property insurance – lost some renewals to lower quotes
- US surplus lines market also softening but less so in the market segment in which Aspen Specialty operates
- Limited impact from Hurricane Charley



## 2004 Market Outlook - Casualty

- Casualty reinsurance rates still rising (8% year to date) but rate of increase slowing
- Softening UK commercial liability rates – just off peak and, after taking account of claims inflation, overall rate adequacy starting to decline from very high levels.

# What's new for Aspen in 2004?

- Aspen Re America
  - Connecticut-based property reinsurance team
  - New Jersey-based casualty facultative reinsurance
- Aspen Specialty
  - Surplus lines operation
- Bermuda
  - Property retrocession
  - Structured risks
- Aspen Insurance UK Limited
  - Marine insurance
  - Aviation insurance

# What trends can investors expect for 2004?

- Growth in GPW in the range 10% to 20%
- More insurance vs. reinsurance
- More casualty vs. property
- Increasing premium leverage\*
- Increasing investment leverage\*\*
- Increasing investment yield
- Falling tax rate

\* *NWP/average equity*

\*\* *Investments/average equity*



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