



# Aspen Insurance Holdings Limited

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February 8, 2011

Q4 2010 Earnings Conference Call

# Safe Harbor Disclosure



*This slide presentation is for information purposes only. It should be read in conjunction with our financial supplement posted on our website on the Investor Relations page and with other documents filed or to be filed shortly by Aspen Insurance Holdings Limited (the "Company" or "Aspen") with the U.S. Securities and Exchange Commission.*

## **Non-GAAP Financial Measures**

*In presenting Aspen's results, management has included and discussed certain "non-GAAP financial measures", as such term is defined in Regulation G. Management believes that these non-GAAP measures, which may be defined differently by other companies, better explain Aspen's results of operations in a manner that allows for a more complete understanding of the underlying trends in Aspen's business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP. The reconciliation of such non-GAAP financial measures to their respective most directly comparable GAAP financial measures in accordance with Regulation G is included herein or in the financial supplement, as applicable, which can be obtained from the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm).*

## **Application of the Safe Harbor of the Private Securities Litigation Reform Act of 1995:**

*This presentation contains, and Aspen's earnings conference call will contain, written or oral "forward-looking statements" within the meaning of the U.S. federal securities laws. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "do not believe," "aim," "project," "anticipate," "seek," "will," "estimate," "may," "continue," "guidance," and similar expressions of a future or forward-looking nature.*

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*In addition, any estimates relating to loss events involve the exercise of considerable judgment in the setting of reserves and reflect a combination of ground-up evaluations, information available to date from brokers and cedants, market intelligence, initial tentative loss reports and other sources. The actuarial range of reserves and management's best estimate represents a distribution from our internal capital model for reserving risk based on our then current state of knowledge and explicit and implicit assumptions relating to the incurred pattern of claims, the expected ultimate settlement amount, inflation and dependencies between lines of business. Due to the complexity of factors contributing to the losses and the preliminary nature of the information used to prepare these estimates and reserves, there can be no assurance that Aspen's ultimate losses will remain within the stated amounts.*

# Financial Highlights: Q4 2010



(US\$ in millions, except per share data)

Quarter Ended December 31	2010	2009	Change
Gross Written Premiums	412.8	405.7	1.8%
Net Written Premiums	395.2	383.4	3.1%
Net Earned Premiums	499.7	476.2	4.9%
Underwriting Income	23.2	73.3	(68.3%)
Net Investment Income	57.0	58.2	(2.1%)
Net Income after Tax	92.7	126.3	(26.6%)

## Financial Ratios

Loss Ratio	61.5%	47.8%	—
Expense Ratio	33.8%	36.9%	—
Combined Ratio	95.3%	84.7%	—
Annualized Operating ROE*	12.0%	18.8%	—
Operating EPS*	1.02	1.44	(29.2%)
Diluted Book Value per Share*	38.90	34.14	13.9%

(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of operating income to net income, average equity to closing shareholders' equity and diluted book value per share to basic book value per share in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

# Financial Highlights: YTD 2010



(US\$ in millions, except per share data)

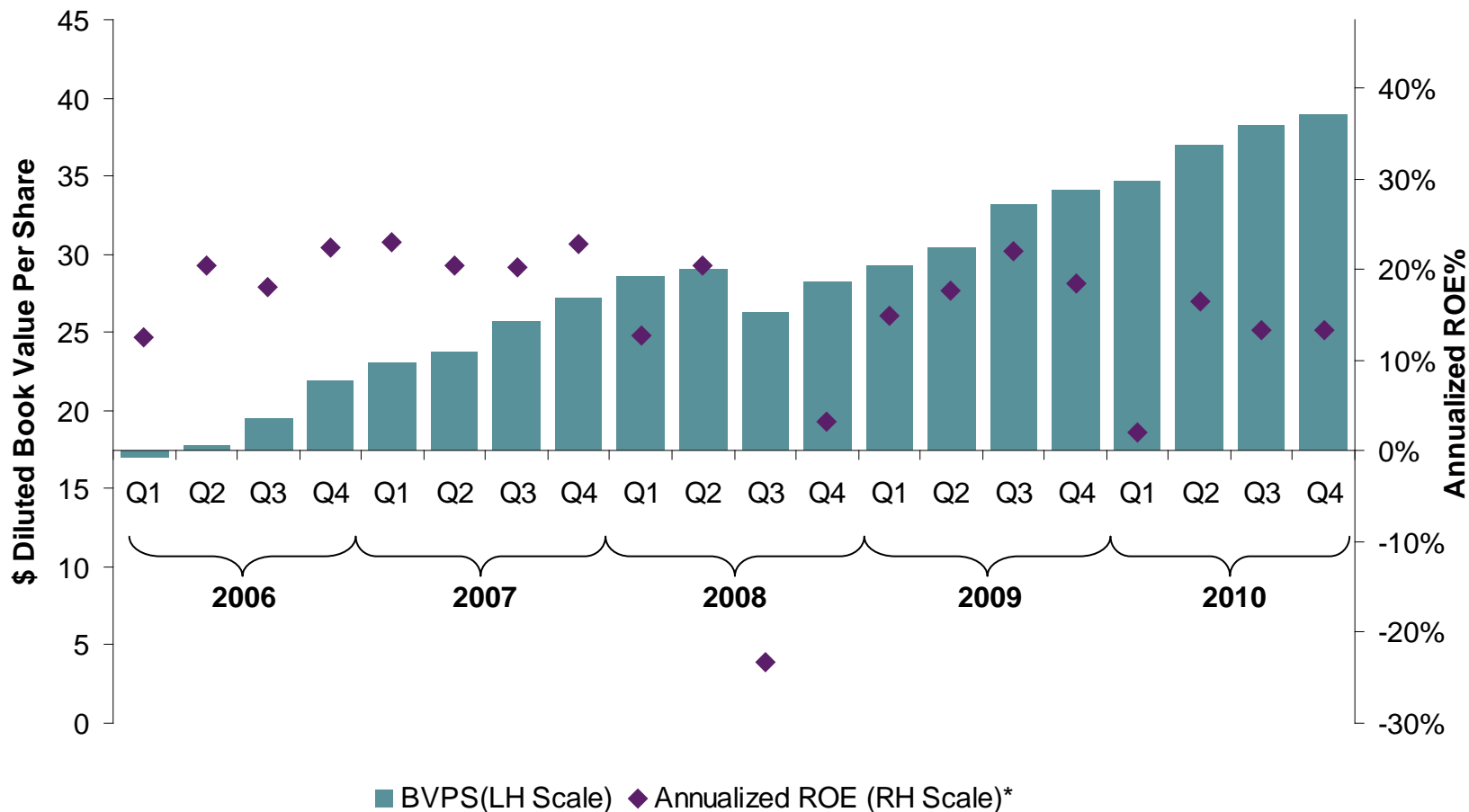
Year Ended December 31	2010	2009	Change
Gross Written Premiums	2,076.8	2,067.1	0.5%
Net Written Premiums	1,891.1	1,836.8	3.0%
Net Earned Premiums	1,898.9	1,823.0	4.2%
Underwriting Income	63.1	288.4	(78.1%)
Net Investment Income	232.0	248.5	(6.6%)
Net Income after Tax	312.7	473.9	(34.0%)

## Financial Ratios

Loss Ratio	65.8%	52.0%	—
Expense Ratio	30.9%	32.1%	—
Combined Ratio	96.7%	84.1%	—
Annualized Operating ROE*	9.4%	18.0%	—
Operating EPS*	3.03	5.16	(41.3%)
Diluted Book Value per Share*	38.90	34.14	13.9%

(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of operating income to net income, average equity to closing shareholders' equity and diluted book value per share to basic book value per share in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

# Growth in Book Value Per Share and ROE



Diluted Book Value per Share up 14% since December 31, 2009

(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of diluted book value per share to basic book value per share and reconciliation of average equity to closing shareholders' equity in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

# Business Performance and Market Outlook

## Q4 2010\*



	Performance 1				Absolute Pricing 2				Relative Price Movement 3				Terms & Conditions 4				Volume change 5				Outlook 6			
	Q1'10	Q2'10	Q3'10	Q4'10	Q1'10	Q2'10	Q3'10	Q4'10	Q1'10	Q2'10	Q3'10	Q4'10	Q1'10	Q2'10	Q3'10	Q4'10	Q1'10	Q2'10	Q3'10	Q4'10	Q1'10	Q2'10	Q3'10	Q4'10
<b>Reinsurance</b>																								
<b>Property Catastrophe Reinsurance</b>																								
Treaty Catastrophe	Yellow	Yellow	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Orange	Orange	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange
<b>Other Property Reinsurance</b>																								
Treaty Risk Excess	Blue	Blue	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Orange	Yellow	Yellow	Yellow	Orange
Treaty Pro Rata	Blue	Blue	Green	Yellow	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Orange	Orange	Orange
Property Facultative	Blue	Blue	Blue	Blue	Green	Green	Green	Green	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
<b>Casualty Reinsurance</b>																								
International Casualty Treaty	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow
US Casualty Treaty	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Orange	Yellow	Yellow	Yellow	Yellow	Yellow
Casualty Facultative	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Yellow	Orange	Yellow	Yellow
<b>Specialty Reinsurance</b>																								
Credit Surety & Political Risk RI	Blue	Blue	Green	Green	Blue	Blue	Yellow	Yellow	Green	Green	Green	Green	Blue	Blue	Blue	Green	Green	Green	Orange	Green	Yellow	Yellow	Yellow	Yellow
Specialty Reinsurance	Blue	Blue	Blue	Blue	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Green
<b>Insurance</b>																								
<b>Property Insurance</b>																								
UK Commercial Property & Construction Ins	Orange	Yellow	Yellow	Green	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow	Orange	Orange	Yellow	Yellow
US Property E&S Insurance	Orange	Yellow	Yellow	Green	Orange	Orange	Orange	Orange	Green	Yellow	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow	Orange	Orange	Orange	Orange
<b>Casualty Insurance</b>																								
UK Liability Insurance	Blue	Blue	Blue	Blue	Orange	Orange	Yellow	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Yellow	Orange	Orange	Orange	Orange
Excess Casualty Insurance	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Green	Orange	Orange	Orange	Orange
US Casualty E&S Insurance	Red	Red	Red	Red	Orange	Orange	Red	Red	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Orange	Orange	Orange	Orange	Red	Red
<b>Marine, Energy &amp; Transportation Insurance</b>																								
MEC Liability Insurance	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Orange	Orange	Green	Yellow	Yellow	Green	Green
Energy Property Insurance	Orange	Yellow	Yellow	Blue	Yellow	Yellow	Yellow	Yellow	Blue	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Green	Yellow	Orange	Yellow	Yellow	Green
Marine Hull Insurance	Orange	Red	Red	Red	Orange	Orange	Orange	Yellow	Blue	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Orange	Orange	Orange	Orange	Orange	Yellow
Aviation Insurance	Blue	Blue	Blue	Green	Yellow	Green	Green	Yellow	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
Specie	Orange	Orange	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Blue	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
<b>Financial &amp; Professional Lines Insurance</b>																								
Financial Institutions Insurance	Red	Red	Red	Red	Yellow	Blue	Green	Green	Blue	Blue	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Orange	Green	Blue	Blue	Green	Yellow
Professional Lines Insurance	Red	Red	Red	Red	Yellow	Orange	Orange	Yellow	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Green	Yellow	Yellow	Yellow	Yellow
Political & Financial Risks Insurance	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow

\*MEC - Marine, Energy & Construction

1 - 12 months rolling RORAC  
2 - Ratio In force Actual to Technical (or modelled) price

3 - Relative Price Movement for all in-force renewed contracts  
4 - Terms and Conditions

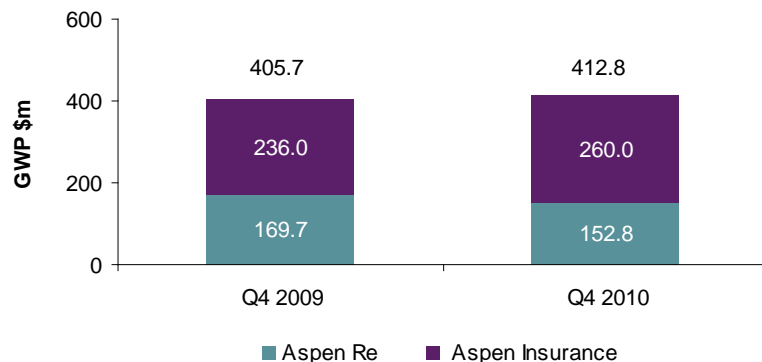
5 Change in rolling GWP for last 4 quarters vs. rolling GWP from previous 4 qu  
6 - Outlook (Absolute Pricing \* Forecast Relative Price Movement)

\* As at December 31, 2010. Key located on page 22

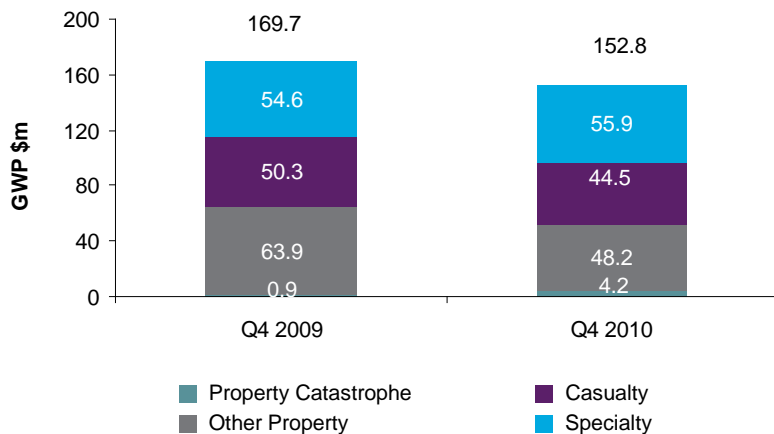
# Financial Highlights: Group Summary Q4 2010



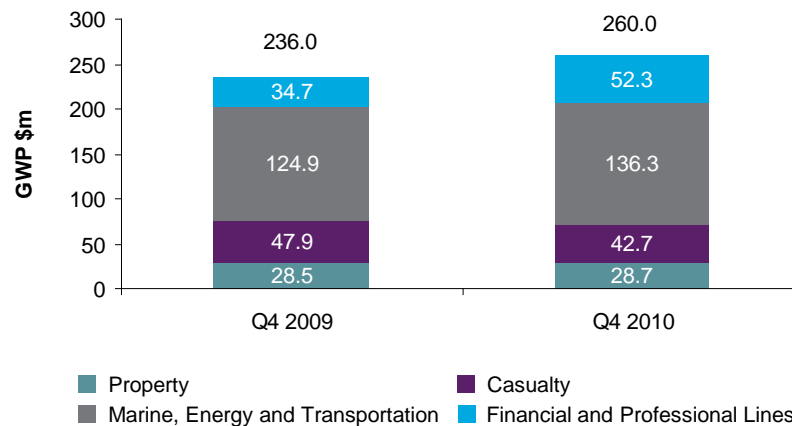
## Total



## Reinsurance



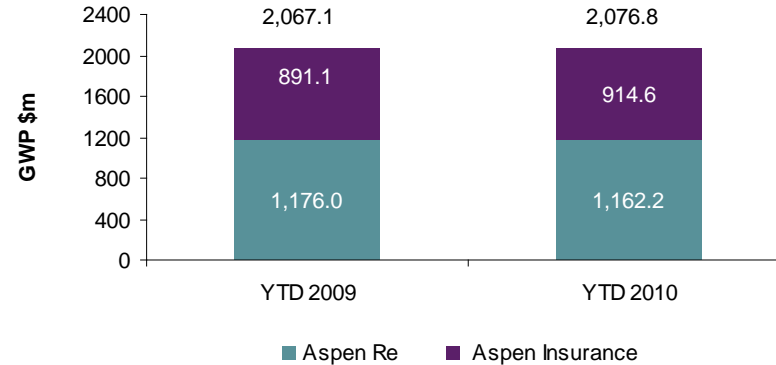
## Insurance



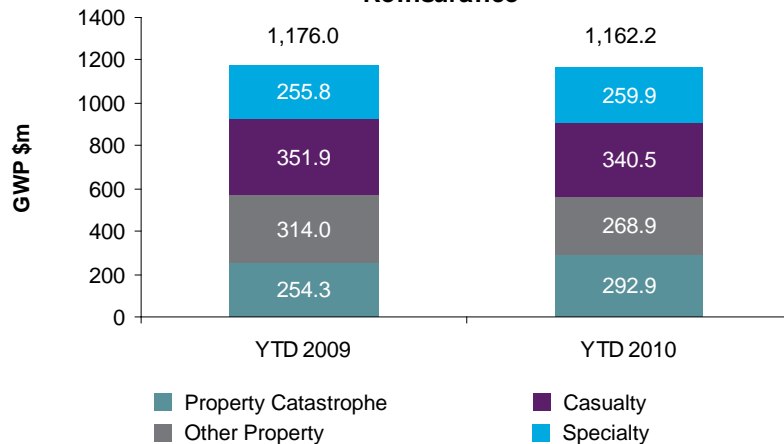
# Financial Highlights: Group Summary YTD 2010



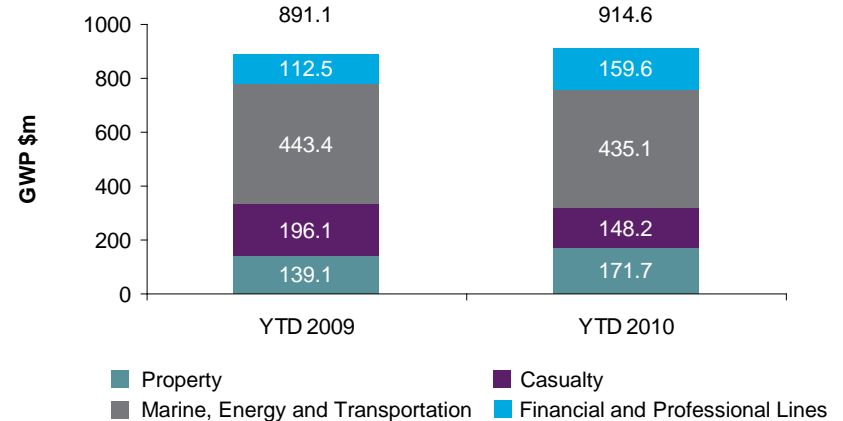
## Total



## Reinsurance



## Insurance

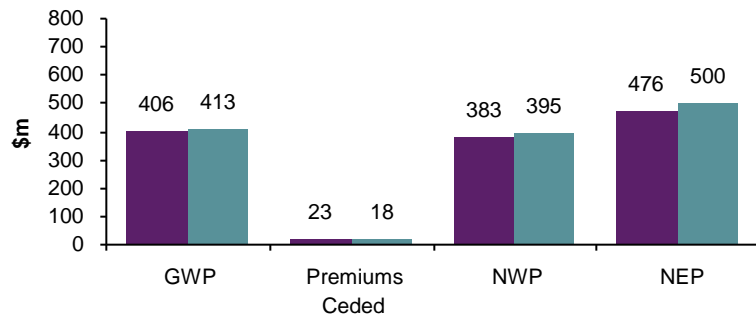




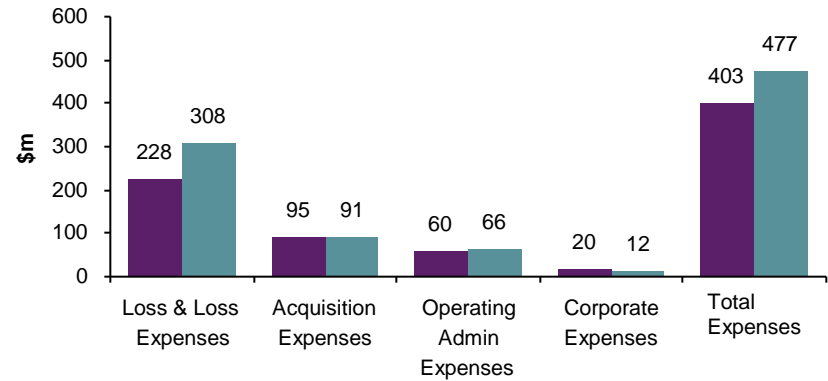
# Financial Highlights: Group Summary Q4 2010



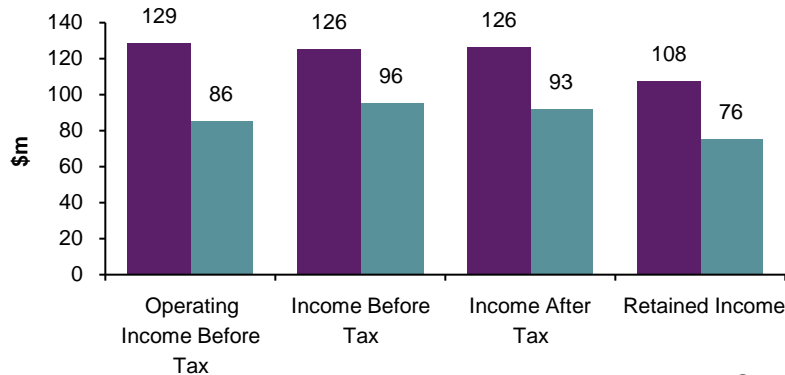
### Underwriting Revenues



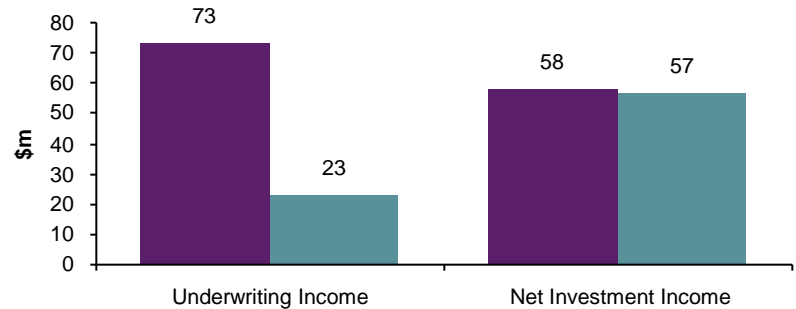
### Expenses



### Income



### Contribution

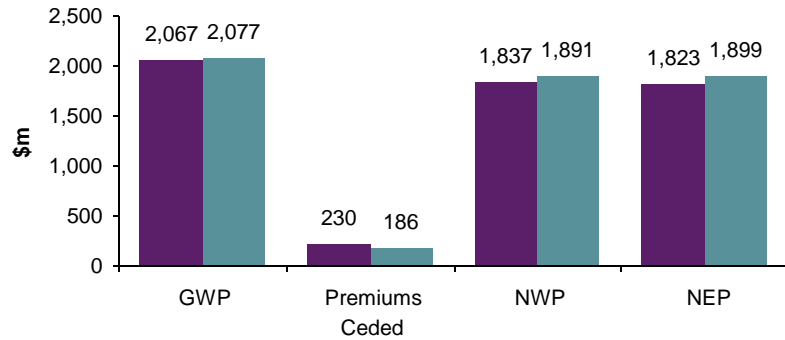


■ Q4 2009 ■ Q4 2010

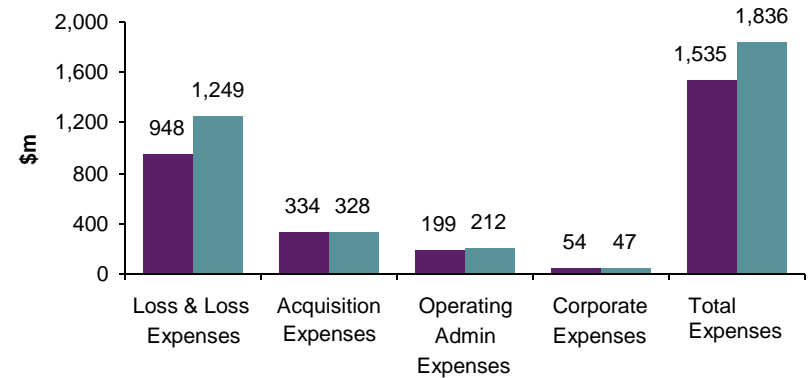
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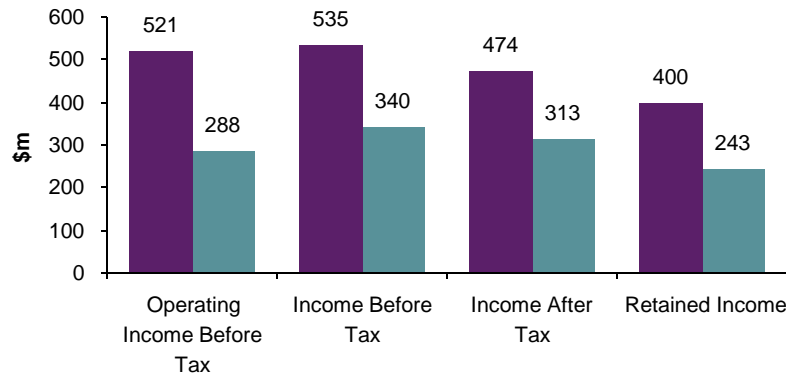
### Underwriting Revenues



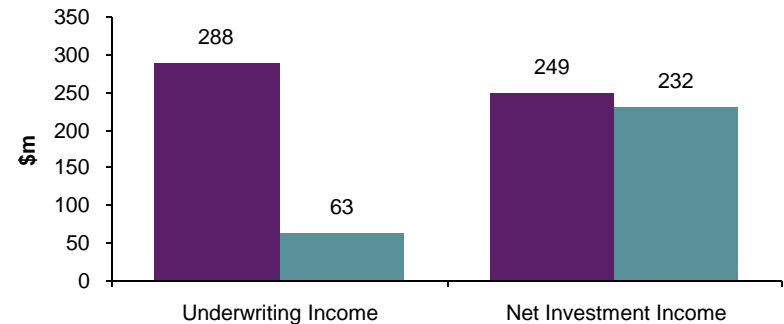
### Expenses



### Income

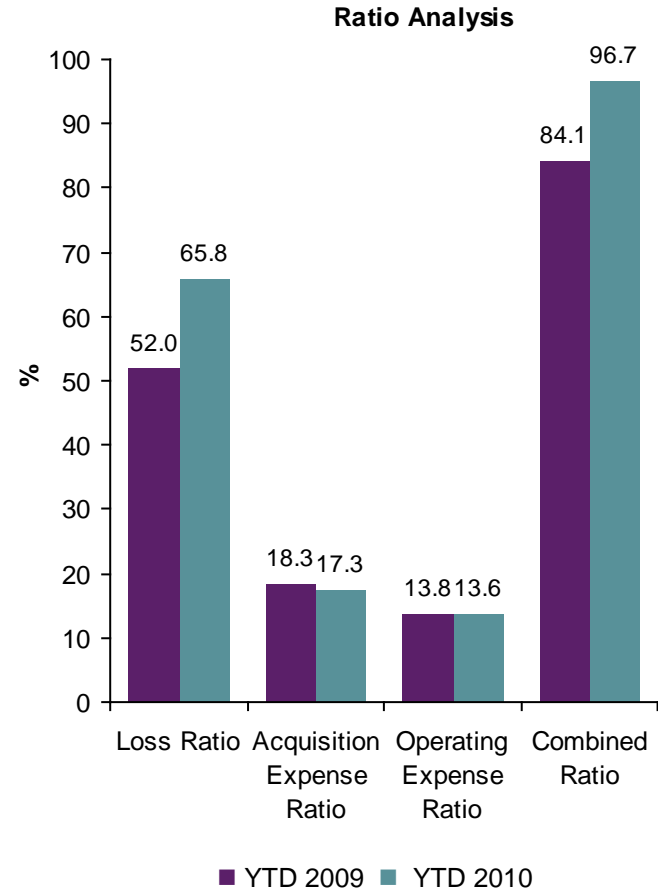
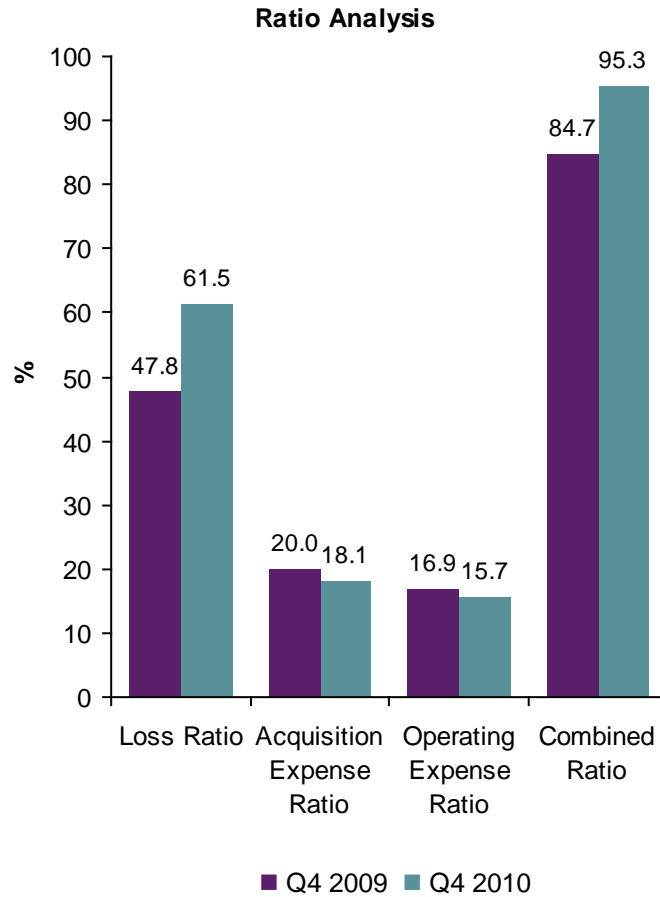


### Contribution

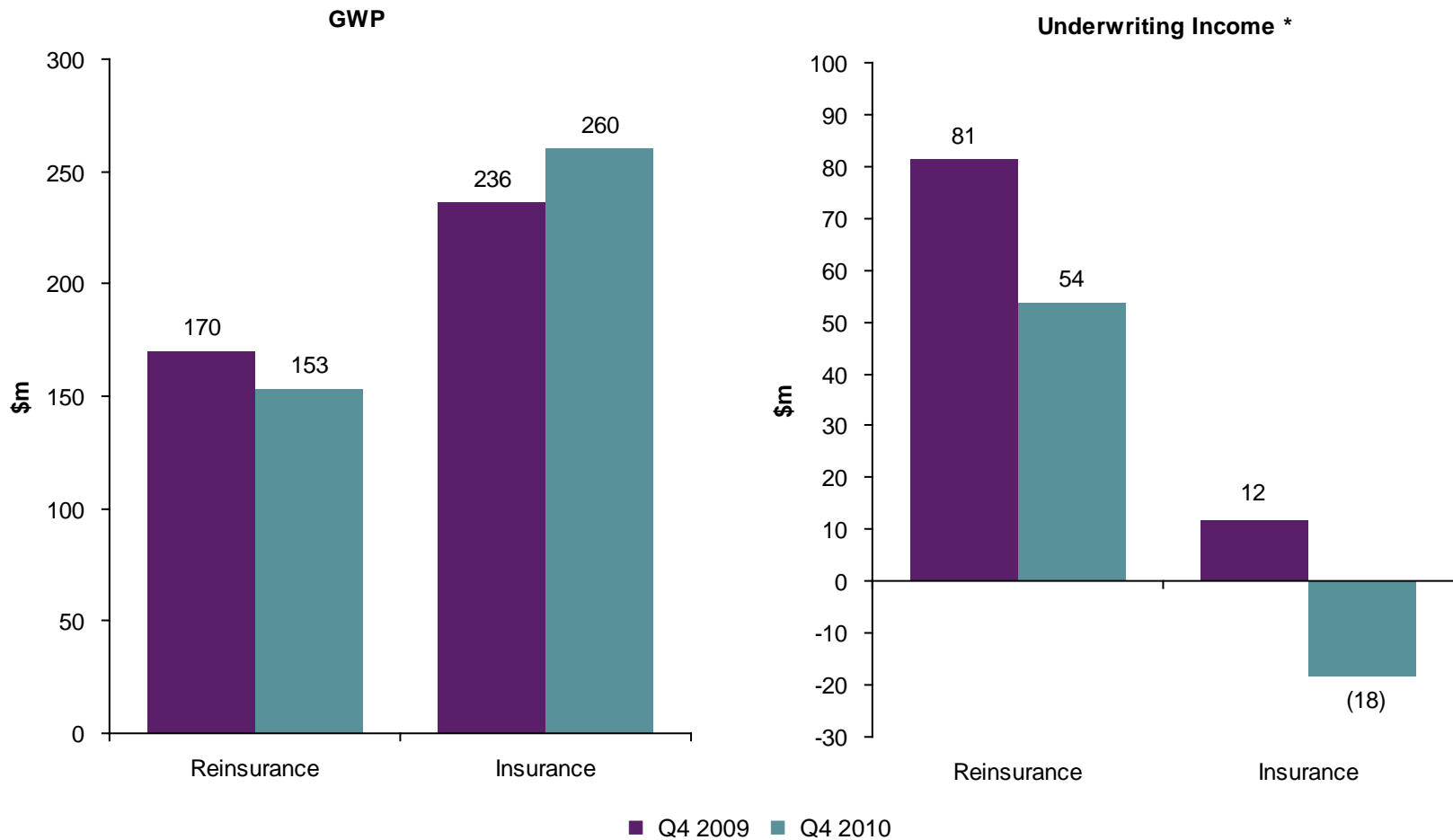


■ YTD 2009 ■ YTD 2010

# Key Performance Metrics: Q4 2010 and YTD 2010

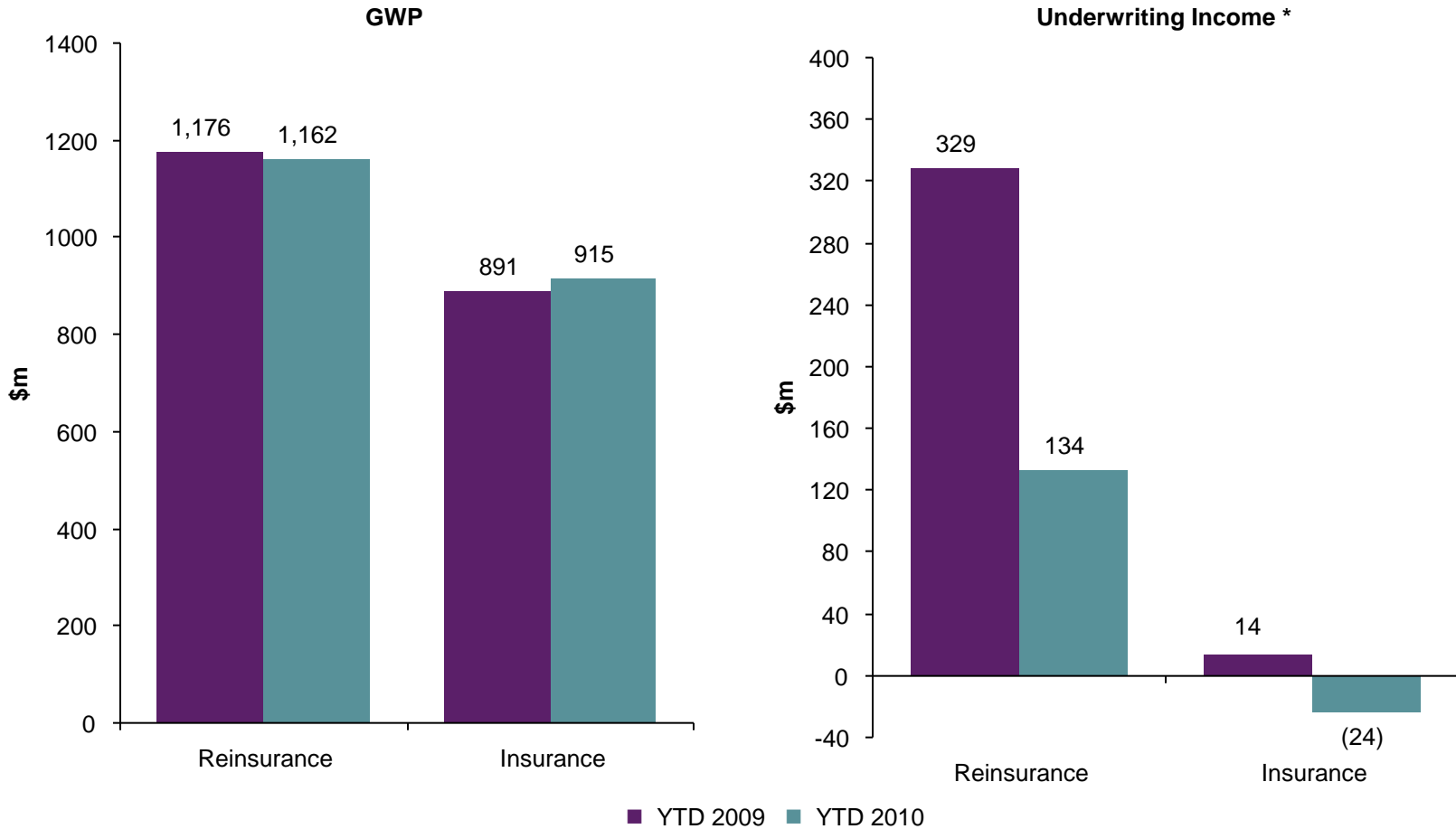


# Results by Business Segment: Q4 2010



(\*) Underwriting income is calculated as underwriting revenues, less underwriting expenses

# Results by Business Segment: YTD 2010

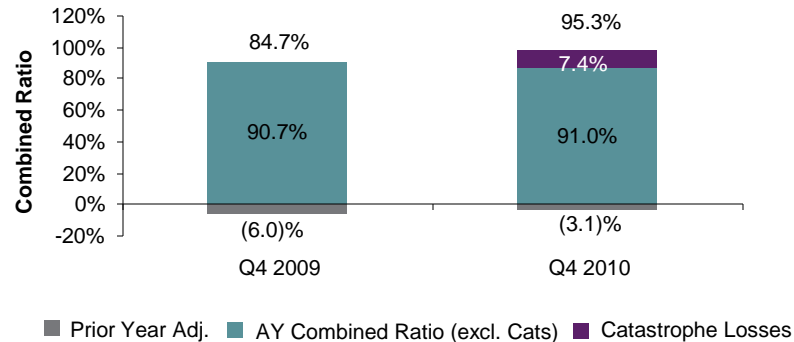


(\*) Underwriting income is calculated as underwriting revenues, less underwriting expenses

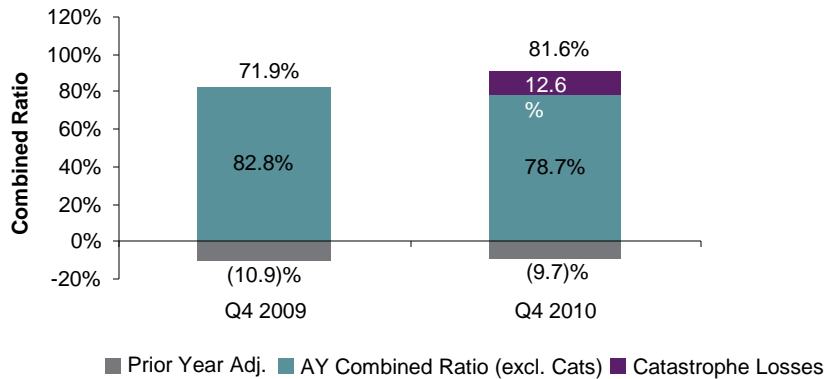
# Key Performance Metrics: Q4 2010



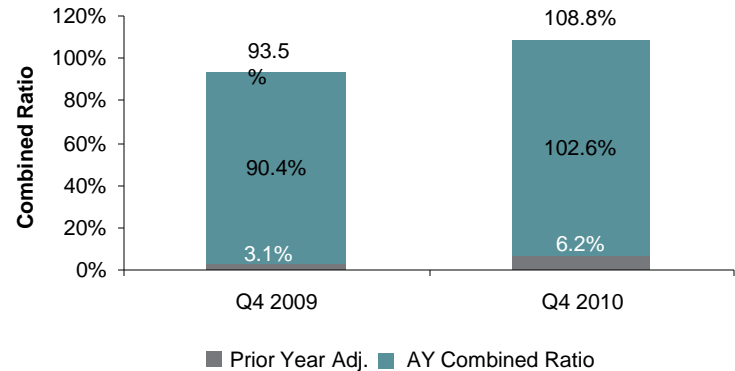
## Total



## Reinsurance



## Insurance

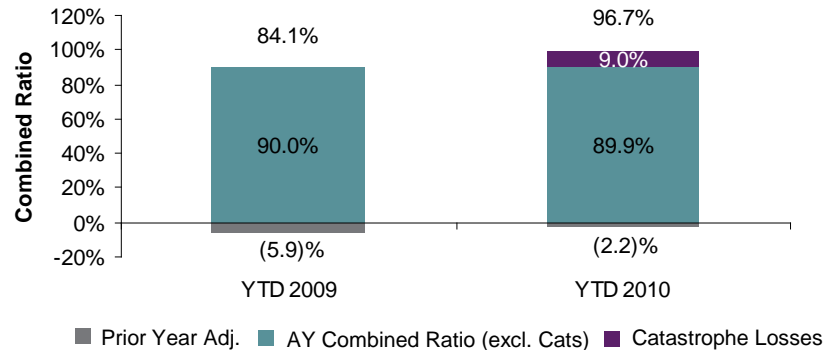


\* Catastrophe losses from the New Zealand and Chile earthquakes have been removed from the accident year combined ratios for comparative purposes

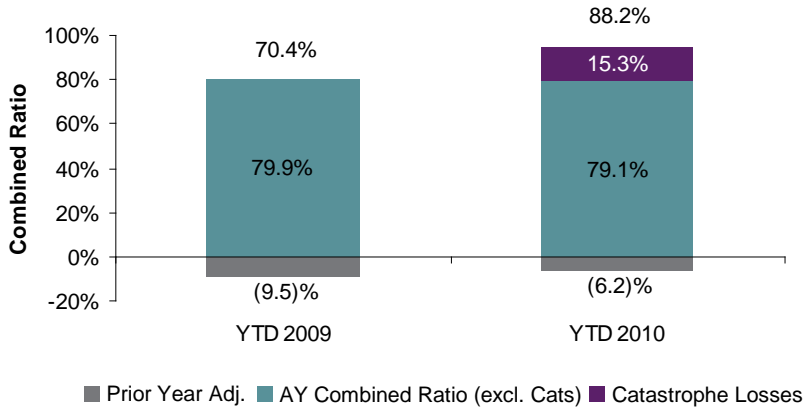
# Key Performance Metrics: YTD 2010



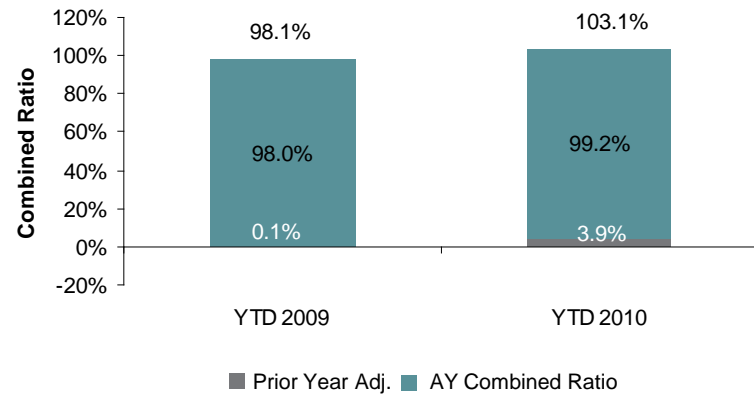
## Total



## Reinsurance

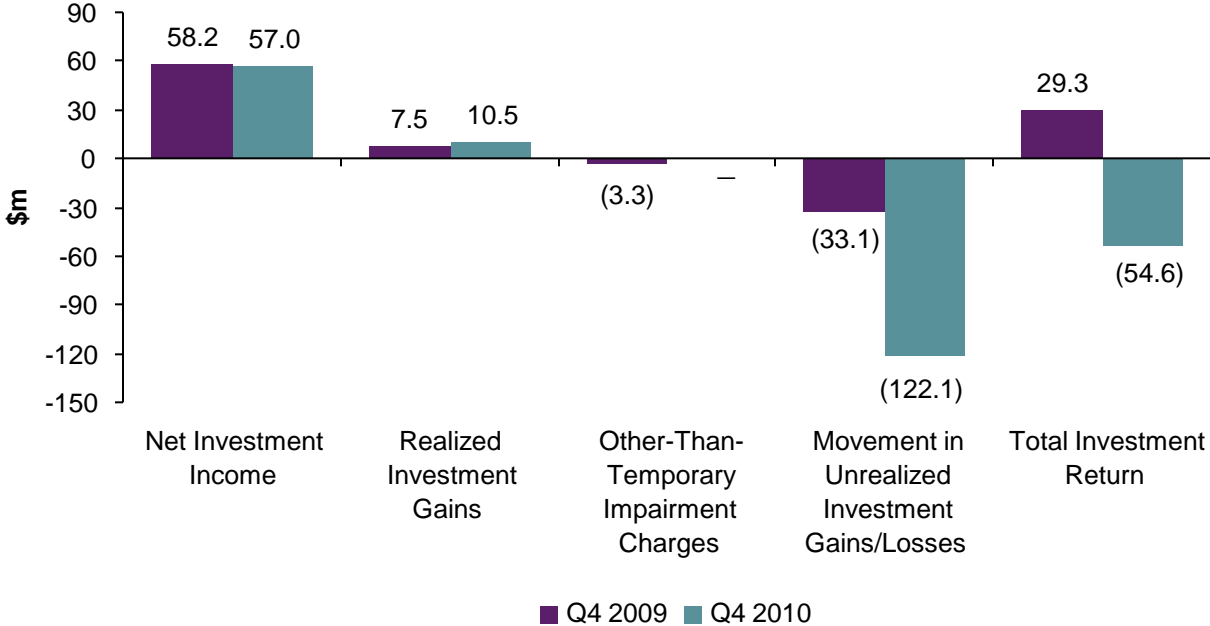


## Insurance



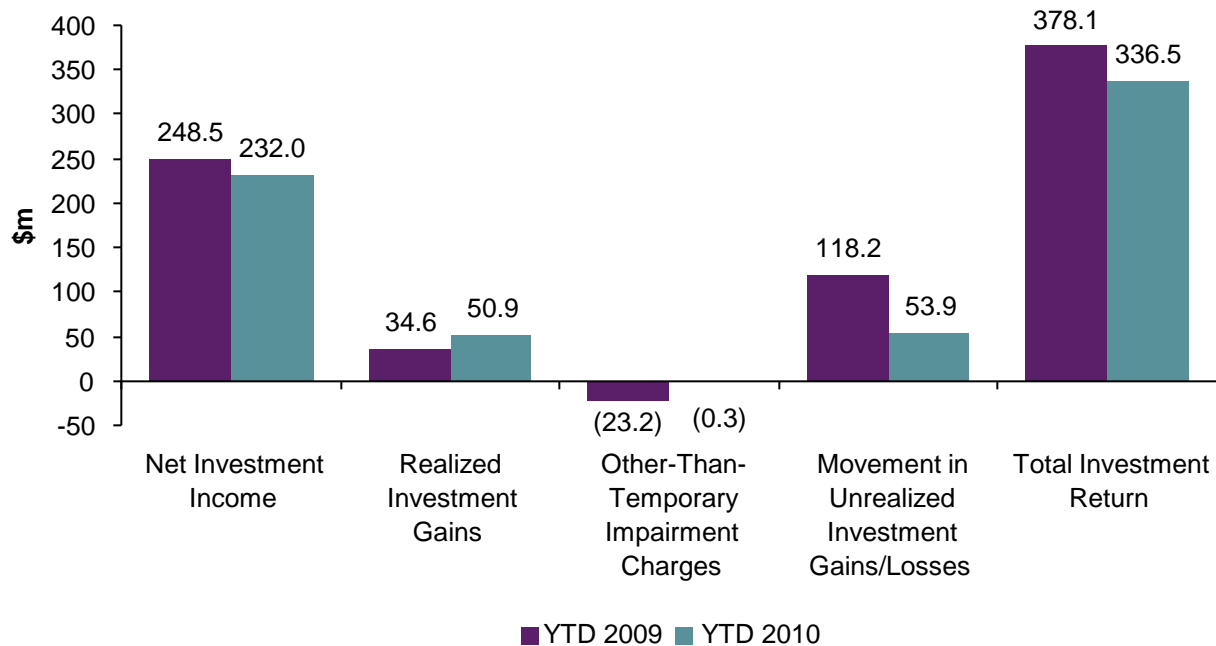
\* Catastrophe losses from the New Zealand and Chile earthquakes have been removed from the accident year combined ratios for comparative purposes

# Financial Highlights: Total Investment Return – Q4 2010





# Financial Highlights: Total Investment Return – YTD 2010



Annualized Investment Return for the Year to Date of 4.8%



# Fixed Income Portfolio by Asset Type

(US\$ in millions)

**ASSETS: INVESTMENT PORTFOLIO DECEMBER 31, 2010**

TOTAL INVESTMENT PORTFOLIO AT MARKET VALUE **7,265.4**

Cash, Short-Term Securites and FOHF		Government/Agency		Structured Securities		Unsecured Credit	
Short-term Securities	289.7	U.S. Government	773.7	Asset-backed securities	63.7	Corporate bonds	1,810.0
Cash and Cash Equivalents	1,179.1	Agency Debentures	302.8	Agency Rated Mortgage-backed securities (GNMA, FNMA, FHLB)	1,172.5	FDIC Guaranteed Corporate bonds	125.8
Other Investments (Iris Re)	30.0	Foreign governments	626.3	Non-Agency Rated Mortgage-backed securities		Foreign corporates	501.0
				- CMBS	128.1	Bonds backed by foreign government	228.7
				- RMBS	-	Municipal bonds	34.0
<b>Q4 2010</b>	<b>1,498.8</b>		<b>1,702.8</b>		<b>1,364.3</b>		<b>2,699.5</b>
<b>Q3 2010</b>	<b>1,242.5</b>		<b>1,785.4</b>		<b>1,374.2</b>		<b>2,803.5</b>
<b>Q4 2009</b>	<b>1,159.3</b>		<b>1,430.9</b>		<b>1,551.9</b>		<b>2,615.2</b>

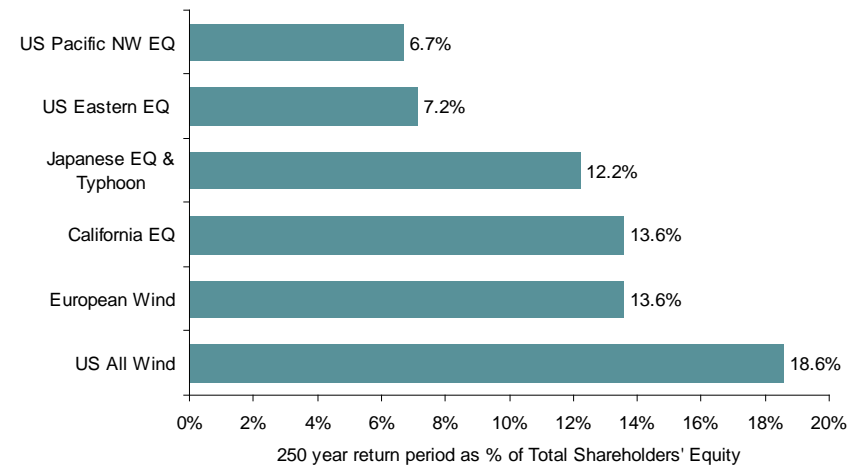
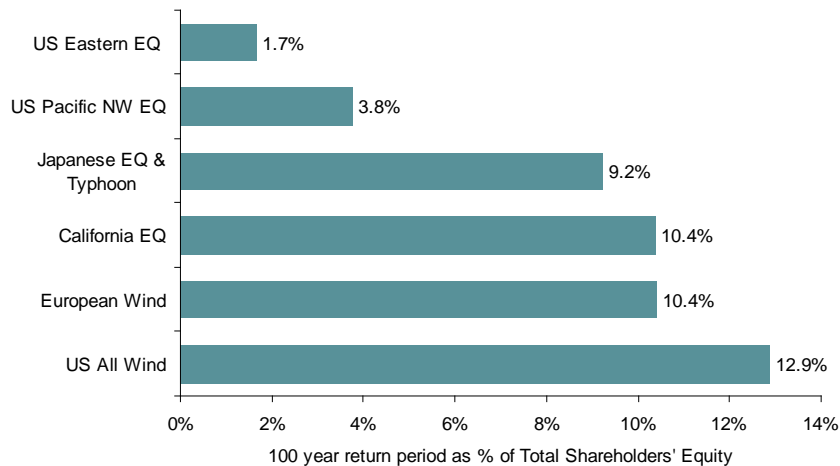
# Australian Cat Events



	1 <sup>st</sup> Flood Event Central Queensland Dec 24 – 31, 2010	2 <sup>nd</sup> Flood Event SE Queensland Jan 4, 2011	3 <sup>rd</sup> Flood Event Brisbane Jan 10 - 17, 2011	4 <sup>th</sup> Flood Event Victoria Jan 13, 2011 (ongoing)	Cyclone Yasi N Queensland Feb 2, 2011
ICA Reported Claims	<= \$1.5bn =>			n/a	n/a
Insured Market Loss Estimate	\$1-2bn notable uncertainty on mining losses	\$0.5bn	\$2-4bn likely to trigger main domestic cat placements. Upper end of range could trigger worldwide placements	\$0.5 -1bn	AIR initial range \$0.36 -1.52bn
Aspen Property Reinsurance	Approx. \$10m, included within Q410 IBNR	No losses expected	Losses expected to be less than 1% of estimated market loss	Losses expected to be less than 1% of estimated market loss	Losses not expected to be material

Aspen's Cat Lines are Biased Towards Upper Layers  
No Aggregates, Sub-Layers or Frequency Driven Sideways Covers

# Aspen's Modelled Worldwide Natural Catastrophe Exposures - Major Peril Zones



- 1 in 100 Year Tolerance: 17.5% of Total Shareholders' Equity

- 1 in 250 Year Tolerance: 25% of Total Shareholders' Equity

Source: Aspen analysis using RMS v9.0 occurrence exceedance probability as at January 1, 2011 and Shareholders' Equity of \$3,241.9 million






# 2011 Guidance



	Actual 2010 Results	Initial Guidance February 8, 2011
Gross Written Premium	\$2.1 billion	\$2.1 billion $\pm$ 5%
% Premium Ceded	9.3% of GEP	8% - 12% of GEP
Combined Ratio	96.7%	93% - 98%
Tax Rate	8.1%	8% - 12%
Cat-Load	\$181 million	\$170 million (assuming normal loss experience)



# Business Performance and Market Outlook: Key

Key	Performance	Absolute Pricing	Relative Price Movement	Terms and Conditions	Volume change	Outlook
	1	2	3	4	5	6
	Excellent	Excellent	Significantly Up	Excellent	Significantly Up	Excellent
	Good	Good	Up	Good	Up	Good
	Satisfactory	Satisfactory	Flat	Satisfactory	Flat	Satisfactory
	Of Concern	Of Concern	Down	Of Concern	Down	Of Concern
	Unsatisfactory	Unsatisfactory	Significantly Down	Unsatisfactory	Significantly Down	Unsatisfactory