FOUNDATION FOR THE FUTURE

Annual Report 2019

AXIS

DELIVERING VALUE TO SHAREHOLDERS*

$15.9B

CASH & INVESTED ASSETS

$25.6B

TOTAL ASSETS

$7.4B

TOTAL CAPITAL

* Key facts and figures at December 31, 2019
($ in billions)

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

TOTAL SHAREHOLDER RETURN*

302.0%

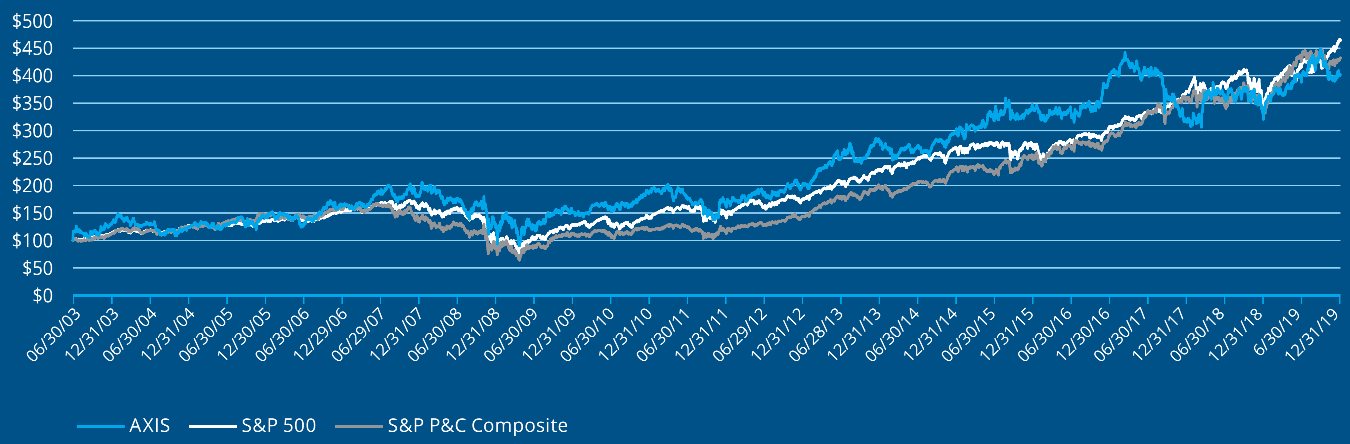
AXS

332.7%

S&P 500

364.9%

S&P 500 P&C COMPOSITE



* Data computed from June 30, 2003 to December 31, 2019.

** Shown 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, 2019, 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.

TO OUR SHAREHOLDERS

BUILDING A FOUNDATION FOR THE FUTURE

ALBERT A. BENCHIMOL

President and
Chief Executive Officer

Several years ago, we launched a multi-year transformation program to help AXIS reposition its business and portfolio to become a stronger, more nimble company as the market has evolved. Our team has remained focused on executing against our financial plan, making strategic decisions and investments that we believe will create a strong and lasting foundation for profitable growth and leadership.

One reason this is necessary is because over the past decade, our industry has been buffeted by several challenges, including persistently low interest rates following the financial crisis, increasing evidence of the impact of climate change on extreme weather events, new and emerging risks such as cyber, growing competition from capital markets participants, shifting geopolitical factors and disruptive technologies.

The journey has not been without challenges, and it is taking longer than we had planned to demonstrate the beneficial financial impact of the actions we have taken, particularly within the past two years, to strengthen our portfolio.

Nevertheless, we enter 2020 with momentum and on a clear path to delivering an adequate return. We are a much different company than we were just a few years ago — one with a better and more balanced portfolio, less exposure to catastrophes, stronger market positioning, improved digital capabilities, and a clearly defined purpose.

Purpose and Performance

Stepping back, it is important to remember that the purpose of the (re)insurance industry — and our source of value to society — remains unchanged. We exist to help society manage risk. Our industry's societal purpose has several components, all essential in understanding the current (re)insurance market, AXIS' performance and return to shareholders in the past year, and our potential for the future:

- **We mutualize risk.** By spreading the cost of risk across a large pool of participants, our customers can absorb a manageable expense and avoid a catastrophic outcome to an adverse event. As the aggregate cost of losses has mounted, our industry has been slow to correct premium levels, and in many cases started to subsidize the cost of risk. Over the past few quarters, the industry has started to both adjust its appetite for risk as well as premium levels to ensure the total cost of losses is appropriately borne by the bearers of risk. Within this environment, AXIS has taken decisive steps to increase rates and reorient our portfolio toward risks that we can address in a profitable manner.

- **We help customers resolve complex adverse situations, using the specialized expertise we have gathered over time.** We bring experience in resolving difficult situations and infrequent events, and helping customers when they face challenges. AXIS' excellence in claims management is recognized by our clients and partners in distribution, giving us an edge in close competitive situations, and is essential to both our social and corporate purpose.

- **We advocate for conditions that reduce both the frequency and severity of loss events.** We use our insights to advocate for changes in behaviors, practices and regulations that can reduce the cost of risk. Many improvements to safety features, building codes and tort reform are based on the data and research provided by the insurance industry. This eventually benefits society through lower aggregate loss costs, which ultimately translate into lower insurance premiums for our customers, freeing up resources for investment. Our Corporate Citizenship initiatives are additional examples of how we advocate for such conditions and deliver value — our activities aim to make our communities and planet safer and more sustainable.

With a clear view of our industry's societal purpose, and AXIS' own purpose of giving people and organizations the confidence they need to pursue their goals and ambitions, we are vigorously pursuing strategies to drive long-term performance and value while staying true to our core strengths:

- A specialty insurer and global reinsurer with a recognized ability to help customers manage complex risks;

- A firm known for the acumen and technical expertise of our underwriters; and

- A carrier that is committed to providing great service, including best-in-class claims management, to our clients and partners in distribution.

2019 Financial Results

Our performance this year reflected significant weather events, including an exceptionally severe Japanese typhoon season, poor crop conditions in the U.S., and loss creep from prior period catastrophes. We also experienced higher than planned losses in our Aviation and non-cat Property lines. Although these loss events were consistent with normal industry volatility for these lines and our market shares, the result was nevertheless a sub-plan performance year.

Net income available to common shareholders was $282 million, or $3.34 per diluted common share, and ex-PGAAP operating income* was $234 million, or $2.77 per diluted common share. Our results included estimated pre-tax catastrophe and weather-related losses, net of reinsurance and reinstatement premiums, of $336 million. Even with these headwinds, our portfolio actions delivered meaningful progress, with a reduction of 1.1 points to our current year ex-cat loss ratio, bringing the reduction in our current year ex-cat loss ratio to 3.1 points over a two-year period.

Discipline, Progress and Momentum

Despite the challenges that we faced, in 2019 we made significant progress in strengthening our business and creating a strong foundation for the future:

Portfolio Repositioning. From late 2018 through the end of 2019, we reoriented the portfolio to reduce exposures to lines with lower profitability and less attractive growth prospects, while changing the mix to focus on more attractive subsectors of risk classes.

Our portfolio repositioning comes at a time when market conditions are the best we have seen in a decade. In many of our lines, we have seen a greater willingness to pay a more reasonable price for coverage. While many lines are still not priced at attractive levels, we are encouraged that rate increases will last through 2020, and likely longer. Thus, we believe the quality of the business we have written in the past year will have a positive impact on our financial performance in 2020 and beyond.

We were able to replace most of the premium volume lost in canceled or exited business with growth in lines whose pricing met or exceeded our target requirements.

Thus, earned premiums were down modestly this year, and that put some pressure on our G&A ratio. We were able to meet our G&A ratio targets with good expense control — and we continue to look for additional opportunities for cost savings.

With respect to catastrophe losses and volatility, we have shaved peak exposures, increased geographic diversification, and made other changes to shift our annual expected cat loss curve down. At the same time, we have focused on growing and investing in our most attractive lines and new specialty businesses. Significantly, we are Top 5, Top 10 or Top 15 in substantially every one of our businesses and strategic relationships — and well-positioned in many of the markets that are benefitting from a favorable pricing environment.

* Ex-PGAAP operating income (loss) and ex-PGAAP operating income (loss) per diluted common share are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. The reconciliations to the most comparable GAAP financial measures, net income (loss) available (attributable) to common shareholders and earnings (loss) per diluted common share, respectively, and a discussion of the rationale for the presentation of these items are provided later in this report.

New Specialty Businesses. As clients increasingly face new and emerging risks, we have established AXIS in categories with complex risk needs that align with our expertise, where there is solid potential for long-term growth and profitability. We have a powerful franchise as a leading insurer in Cyber and Renewable Energy and more recently, we have focused on building our multi-channel Small Specialty Commercial insurance business.

Agile and Efficient Operations. This year we modernized our workplace environments — from our new London office at The Scalpel to major renovations in our New York office to preparing for a move of our U.S. head office in Alpharetta — while reducing our physical footprint to generate both cost savings and operating efficiencies. Plans are underway to introduce additional automation, digitalization and process improvements.

Third-Party Capital. AXIS has made particularly strong progress in attracting third-party capital to expand our capacity and to better match the right risk with the right capital. We are one of the few (re)insurance firms to grow third-party capital activity in the current market. In 2019, we ceded $1.0 billion in premiums to strategic capital partners, an increase of 29% from 2018, and received fee income of $80.2 million for originating, structuring and managing these relationships — a 66% increase from $48.5 million in 2018.

London Market. We have continued to invest in the London market. Today, it is our largest location in terms of headcount, and the heart of our international insurance business. Following completion of the acquisition of London specialty insurer Novae in 2017, we have fully integrated both businesses and to date have realized $52.4 million in net savings. We are now operating as a single syndicate and have become a leading syndicate in the Lloyd's of London marketplace.

Talent Development. We have continued our efforts to attract and develop a quality team with the skills needed in a changing business environment. Among key staff additions, Tony Jordan was named Group Chief Actuary and Jason Busti joined AXIS as our President of North America for AXIS Re. We note that Keith Schlosser joined our firm as Global Chief Information Officer and both he and Ben Rubin, Global Head of Risk Funding, were named to our Executive Committee in late 2019.

I would also like to recognize our departing Executive Committee members Chief Operations Officer Richard Strachan and Group Chief Underwriting Officer Eric Gesick. Rich and Eric have been valued leaders within our organization and we wish them both every success in the future.

Corporate Citizenship

Our ability to mutualize risk — to deliver on our industry's societal purpose — depends not only on our financial strength, but on how our decisions impact our colleagues, society and the planet through what we call Corporate Citizenship. After extensive discussions with our leadership, and strong input from the AXIS Board of Directors, in 2019 we formalized our Corporate Citizenship program through the creation of a cross-disciplinary team. We are focused on initiatives that we believe will deliver long-term, sustainable value for our Company and society, and ultimately build safety and resilience — both essential to our core business of risk. To this end, we scaled up work in four areas where our efforts can have the greatest benefit: protecting the environment, fostering inclusion and diversity, raising our voice through advocacy, and investing in our communities. I invite you to read more about our work in the Corporate Citizenship section of this report.

In closing, I wish to thank the clients who have placed their trust in our ability to help manage their risks, and the shareholders who have invested in our future. I also wish to thank our team members for their hard work and professionalism, and our Board of Directors for their valuable counsel. In particular, I express my deep appreciation to Michael Butt OBE, who has announced his intention to retire in September 2020 as our Chairman and a member of the Board. It is my privilege to serve with Michael and to call him a mentor, colleague and a friend. A member of the Insurance Hall of Fame, Michael has made indelible contributions to the industry in Bermuda, Europe, North America and around the world, and his vision and leadership have been indispensable to AXIS' development and growth. We are a stronger organization for Michael's many contributions, and we wish him all the best.

We begin 2020 with a strong foundation in place, one that will help both AXIS and its clients and partners navigate a volatile world. We have worked very hard to get to this point and I am confident that we will see results from the actions we have taken.

You have our commitment that we will do everything in our power to deliver on our goals in 2020, and I look forward to reporting to you on our progress.

Sincerely,

Albert A. Benchimol
President and Chief Executive Officer

CHAIRMAN LETTER

TO OUR SHAREHOLDERS:

In 2019, AXIS avidly pursued actions to build a stronger, more profitable and more future-ready Company.

The Board and I are encouraged, despite the past year's difficulties, by the Company's meaningful progress, including realigning portfolios to exit less profitable lines and reduce volatility, growing more promising lines of business, applying technology to support growth and drive efficiency and cultivating exceptional talent. Moreover, I am proud that we have formalized our climate risk and corporate citizenship approaches overall, and taken steps to fulfill our obligations to employees, clients, shareholders and communities.

MICHAEL A. BUTT

Chairman of the Board

Managing New Risks

As we work to create a more resilient, valuable and profitable company, we are also positioning AXIS for the challenges and opportunities of a changing (re)insurance business. We are dedicated to helping organizations around the world manage risk. Thus, we must anticipate, analyze and plan for the impact of new risk factors on our clients and society at-large, our own business performance, and our ability to deliver appropriate returns and create value for our shareholders.

One such risk factor is the evolving structure of the global economy, as intangible assets become a greater proportion of enterprise value. Tangible assets now contribute less value to some companies than do intangible assets, such as intellectual property (IP), brand equity and reputation. As an industry, we must work with clients and partners to develop effective risk management and risk transfer tools that address the issues related to intangible assets.

AXIS is committed to playing a leadership role in understanding new risks and investing in solutions. We are one of the Top 5 providers of Cyber insurance and are continuing to develop solutions to mitigate cyber-related risks to IP, digital assets, business continuity and reputation.

Addressing Climate Change

Climate risk of one of the most significant challenges facing (re)insurers, our clients and society as a whole. Its financial and human cost — as well as the transition to alternative energy sources — will profoundly impact personal and organizational behavior, corporate strategies, public policy, global economies and financial markets.

The (re)insurance industry — and AXIS in particular — must play a vital role in responding to the climate crisis. Our responsibility to our clients, shareholders and employees is the same as it is to the broader community. We can only build and sustain our business long-term if we address climate issues on behalf of society. We are proud that AXIS is a Top 5 global insurer in the Renewable Energy space. Additionally, in 2019 we launched several Corporate Citizenship initiatives as detailed in that section of this report.

Diverse Leadership Perspectives

To ensure our leadership stays ahead of these and other issues, we have added members to our Board of Directors who bring diverse experience, skills and perspectives. Nearly one-third of AXIS' Board members joined us since 2018, while we also benefit from the guidance of directors who have been with us for several years. The most recent additions were Anne Melissa Dowling (2020), who brings expertise in helping organizations navigate the intersection of insurance and technology, and Lizabeth Zlatkus (2019), with experience growing and managing world-class insurance operations.

We also wish to acknowledge Robert Friedman and Maurice Keane, who will retire from the Board in May 2020, after serving since 2001 and 2002, respectively. I would like to extend my deepest personal appreciation to Robert and Maurice, who have both served on many different committees and have given us the benefit of their invaluable wisdom and insight since AXIS' early days.

This is a bittersweet moment for me, given my planned retirement from the Board in September 2020. The Company has grown from gross premiums written of $1.1 billion in 2002, to $6.9 billion in gross premiums written in 2019. Meanwhile, it has delivered a total return to shareholders over the period of 302% including dividends of over $1.9 billion, while also delivering a total return of capital to shareholders of $6.1 billion through share repurchases and dividends. Further, book value per share at the end of 2002 was $14.19 and book value per diluted common share at the end of 2019 was $55.79. As I reflect on AXIS' trajectory, these figures are powerful.

I would like to thank my colleagues on the Board, with whom I have shared many interesting experiences over the last 19 years; I have very much enjoyed working with such a fine group. Thanks, too, to all the AXIS people who shared our vision of turning an "Idea" into such a great Company and to our clients and producers, who are essential to our business. And, to all our shareholders, thanks for your support and patience as we work toward what I believe to be a very exciting future for the AXIS Family.

The Company will be in good hands, with a leadership team that is motivated by a strong sense of purpose and responsibility to stakeholders. My successor as Chairman, Henry B. Smith, is a strong financial leader and 16-year veteran of the Board, who will provide continuity, insight and sound direction as we grow and prosper.

I know that our efforts to continually enhance our performance, and to respond to a changing industry, will reinforce AXIS' position as a leader in specialty insurance and global reinsurance — a position that will be reflected in our client service, performance culture and in the value that we deliver to our shareholders.

Sincerely,

Michael A. Butt
Chairman of the Board

INSURANCE

AXIS Insurance has continued to drive toward a clear strategic vision: To be a leading provider of specialty insurance expertise, insights and solutions. We made significant progress in 2019, bringing us closer to making this vision a reality for the long term. We are encouraged by the progress that we've made in strengthening our portfolio, reducing volatility and growing the most profitable parts of our business.

In 2019, we continued to build on our presence in markets that are experiencing strong growth, including Lloyd's, U.S. Excess & Surplus Lines and Professional Lines. In addition, we maintained leading positions in areas of emerging risk, such as Cyber and Renewable Energy; reduced our exposure in areas like Property Catastrophe and Weather; and exited underperforming parts of our business. Across the business, we have driven pricing increases, and we are optimistic that they will last through 2020, likely longer.

We completed the integration of the Novae acquisition in under two years. This has enhanced our leadership position in the London specialty insurance market, providing us with greater scale and increased relevance with our key partners in distribution. Finally, we have continued to make investments in our digital capabilities, enabling innovation and new business opportunities with our distribution partners.

Financial Performance

Despite this progress in 2019, our financial results were impeded by a number of losses, particularly in Aviation and Property. Our results also reflected efforts to realign our portfolio and lower volatility by reducing premium writings in certain lines, such as Property, and exiting lines in London such as marine hull, management liability, power and product recall.

In 2019, gross premiums written decreased by $122 million, or 3.2%, primarily due to the portfolio repositioning noted above. Net premiums written decreased by $116 million or 5.0%. Ex-PGAAP underwriting income (loss)* in 2019 was $32 million versus $(44) million in 2018.

The ex-PGAAP combined ratio in 2019 was 98.7%. The current year ex-cat loss ratio in 2019 was 57.0% versus 58.5% in 2018, a decrease of 1.5 points.

Focused on Where We Can Lead

In 2019, we invested in and grew businesses in which we have a differentiated value proposition and the potential to achieve profitable growth. As a result of our remediation efforts, we see growth opportunities across a significant portion of our business.

In our Cyber business, where AXIS has a leading position, we expanded our specialist team and established a Global Cyber and Technology practice to better serve the full breadth of our clients' needs.

We also started building out our Small Specialty Commercial business, focused on serving the attractive small and medium-sized enterprise (SME) business customer segment.

Well-Positioned for 2020

We begin 2020 with a more balanced book, poised to benefit from the strongest market conditions seen in a decade and considerable growth momentum in several leading parts of our business.

Among the priorities for our Insurance business in 2020 are: continued investments in attractive markets where we have leadership positions, with a particular focus on Cyber and SME; further application of data and analytics to enhance underwriting and risk selection; and improved efficiency and productivity — all centered around driving profitable growth while delivering more value to our clients and partners in distribution.

*Ex-PGAAP underwriting income (loss) is a non-GAAP financial measure as defined by Item 10(e) of SEC Regulation S-K. The reconciliation to the most comparable GAAP financial measure, income (loss) before income taxes and interest in income (loss) of equity method investments and a discussion of the rationale for its presentation is included later in this report.

REINSURANCE

In 2019, AXIS Reinsurance took important steps to reposition the portfolio to strengthen our book and mitigate volatility. Since 2018 we have enhanced our strategy, leadership, service standards and execution, making AXIS Re more relevant to a changing market. Our progress can be seen with our increasing leadership in the global reinsurance market, and the talent we have attracted who have contributed to building a highly motivated and aligned team.

Financial Performance

Catastrophic events affected the performance of our reinsurance business in 2019. Impacting performance in particular were Japanese typhoons and poor crop conditions in the U.S. We expanded our presence in Japan during the past year to take advantage of improving conditions in what is one of the most attractive reinsurance markets. While we believe this is the right decision, our timing proved unfortunate as the region experienced record typhoon activity in 2019.

Gross premiums written in 2019 increased by 3.5%, to $3.2 billion. This largely reflected business growth and improved pricing in Catastrophe, Liability, Accident and Health lines, partially offset by reductions in Property lines due to our portfolio optimization efforts. We sustained an underwriting loss of $15.5 million, largely reflecting typhoon exposure, versus underwriting income of $46.5 million in 2018. AXIS Re's combined ratio was 101.2%, or 2.8 points higher than a year ago.

Building a Stronger Portfolio

We made several portfolio enhancements in 2019, substantially reducing our exposure in lines such as Property. We moved capital away from lines and relationships that have historically underperformed, resulting in a 59% reduction in low return business, and deployed capital instead to high-return business. As a result of these actions, as well as rate improvement across several parts of our business, we believe our portfolio is healthier and better positioned for future profitability.

Getting Closer to Our Clients

The global reinsurance market is changing dramatically, influenced by factors ranging from climate risk to geopolitical issues to social inflation. In response to these changing conditions, we are positioning AXIS Re to deliver fresh solutions and support our clients with their risk transfer and capital management needs.

In 2019, we placed a renewed focus on building relationships and delivering value. We added the ability to structure tailor-made solutions for clients. We also expanded AXIS Re Strategic Partners, introduced in 2018, which uses a focused engagement model to enable a more consultative approach with key partners. By hiring additional strategic account executives, recruited from top industry and internal talent, we broadened the scope of AXIS Re Strategic Partners to work across North America, Europe and Asia.

Overall, we increased client interactions by 50% year-over-year versus 2018. Our client satisfaction improved by 30%, according to third-party research. This largely can be attributed to our increased focus on client management as well as our best-in-class claims payment. Paying claims quickly and fairly is a significant and defining strength of our business and in 2019, AXIS Re paid 17,000 claims and with a five-day average turnaround time.

Executing on Our Strategy

We enter 2020 with a healthier portfolio and improving market conditions. As pricing and terms across the industry continue to improve, enhancing rate adequacy, the actions we took in 2019 to reduce our volatility while continuing to strengthen our franchise means AXIS Re is well-positioned in 2020. We remain committed to the execution of our strategy and the achievement of our ambition to be a Top 10 global reinsurer.

CORPORATE CITIZENSHIP

Our Company purpose is to give people and organizations the confidence they need to pursue their goals and ambitions. We are deeply committed to this purpose and one way we live it is through our Corporate Citizenship program.

In 2019, we formalized this initiative through the creation of a cross-functional team. To ensure our program reflects business priorities and the input of our stakeholders, we spoke with our colleagues, shareholders and external experts. Informed by this input, we agreed to focus on initiatives that we believe will deliver long-term value and ultimately build resilience for both our Company and society. We also scaled up work in the areas we identified in 2018 as priorities: diversity and inclusion (D&I), environment, philanthropy and advocacy:

Diversity — Fostering Inclusion. Encouraging a wide range of experiences, backgrounds and perspectives makes AXIS a more rewarding place to work, enables us to attract talented teammates, enriches our perspective and makes us a stronger global organization. In 2019, we expanded our efforts by formalizing our employee-driven D&I Council; increasing internal education through programs like our unconscious bias training; updating company policies and benefits to support an inclusive work environment; scaling efforts to attract, retain and grow a diverse workforce; and encouraging career mobility and professional development. We also partnered with a D&I firm to set, track and eventually improve D&I metrics, and better inform our goals. We plan to deepen that relationship in 2020 to ensure that we are progressing against our goals.

Environment — Protecting our Planet. We believe climate-related risks are among the biggest threats to our planet, and insurers must play a role in addressing them. In furtherance of this challenge, we are proud of our position as a leading global renewable energy insurer. Additionally, in 2019 we introduced a policy to limit thermal coal and oil sands underwriting and investments and established a working group to assess and evaluate potential climate risk-focused actions. To foster a greater understanding of these issues, we co-sponsored a symposium with the University of Illinois with participation from members of our Board of Directors, our executives, and academic experts. Finally, we launched a greenhouse gas emissions assessment to review our own footprint, and celebrated that our new offices in London and Alpharetta are, respectively, BREEAM “Excellent” and LEED “Platinum” certified, joining six offices with LEED Silver, Gold or Platinum level certifications.

Philanthropy — Investing in our Communities. Our Philanthropic programming is driven by our purpose and our employees. With a focus on risk resilience, climate risk, education and sustainability, we endeavor to make an impact in the communities where we live and work through our Matching Gifts program, providing volunteer paid time off to employees year-round, and through community outreach during our Global Giving Rally period. 2019’s rally was our most successful yet — more than 1,000 volunteers, a 15% increase from 2018, participated in more than 70 events globally.

Advocacy — Raising our Voice. AXIS uses advocacy to promote issues, policies and initiatives that align with our values and are important to our Company, colleagues and communities. As such, in 2019 we engaged with organizations such as the Insurance Development Forum (IDF), launched by the United Nations (UN), the World Bank and the insurance industry; scaled-up work in the Lloyd’s DiveIn Festival; and sponsored initiatives through the UN Foundation-backed empowerment initiative, Girl Up.

NON-GAAP FINANCIAL MEASURES RECONCILIATION (UNAUDITED) CONSOLIDATED KEY RATIOS

	Year ended December 31, 2019			Year ended December 31, 2018		
	Insurance	**Reinsurance**	**Total**	Insurance	Reinsurance	Total
Current accident year loss ratio excluding catastrophe and weather-related losses	**57.0%**	**64.0%**	**60.6%**	58.5%	64.8%	61.7%
Catastrophe and weather-related losses ratio	**3.8%**	**10.7%**	**7.5%**	8.7%	9.4%	9.0%
Current accident year loss ratio	**60.8%**	**74.7%**	**68.1%**	67.2%	74.2%	70.7%
Prior year reserve development ratio	**(2.4%)**	**(1.0%)**	**(1.7%)**	(4.0%)	(4.4%)	(4.1%)
Net losses and loss expenses ratio	**58.4%**	**73.7%**	**66.4%**	63.2%	69.8%	66.6%
Acquisition cost ratio	**21.4%**	**23.2%**	**22.3%**	16.9%	23.5%	20.2%
Underwriting-related general and administrative expense ratio	**18.3%**	**4.3%**	**11.1%**	16.8%	5.1%	10.8%
Corporate expense ratio			**2.8%**			2.3%
Combined ratio	**98.1%**	**101.2%**	**102.6%**	96.9%	98.4%	99.9%
Acquisition cost ratio adjustment	**0.6%**	**—%**	**0.3%**	5.1%	0.1%	2.6%
Ex-PGAAP Combined ratio	**98.7%**	**101.2%**	**102.9%**	102.0%	98.5%	102.5%

EX-PGAAP OPERATING INCOME AND EX-PGAAP OPERATING INCOME (LOSS) PER DILUTED COMMON SHARE

	Year ended December 31, **2019**	2018
Net income available to common shareholders	**$ 282,361**	$ 396
Net investment (gains) losses[a]	**(91,233)**	150,218
Foreign exchange (gains)[b]	**(12,041)**	(29,165)
Reorganization expenses[c]	**37,384**	66,940
Interest in (income) of equity method investments[d]	**(9,718)**	(993)
Income tax expense (benefit)	**6,656**	(26,697)
Operating income	**$ 213,409**	$ 160,699
Amortization of value of business acquired ("VOBA") and intangible assets[e]	**37,939**	184,531
Amortization of acquisition cost[f]	**(12,207)**	(125,467)
Income tax (benefit)	**(4,888)**	(11,222)
Ex-PGAAP operating income[g]	**$ 234,253**	$ 208,541
Earnings per diluted common share	**$ 3.34**	$ —
Net investment (gains) losses	**(1.08)**	1.79
Foreign exchange (gains)	**(0.14)**	(0.35)
Reorganization expenses	**0.44**	0.80
Interest in (income) of equity method investments	**(0.12)**	(0.01)
Income tax expense (benefit)	**0.08**	(0.32)
Operating income per diluted common share	**$ 2.52**	$ 1.91
Amortization of VOBA and intangible assets	**$ 0.45**	$ 2.20
Amortization of acquisition cost	**(0.14)**	(1.49)
Income tax (benefit)	**(0.06)**	(0.14)
Ex-PGAAP operating income per diluted common share[g]	**$ 2.77**	$ 2.48
Weighted average diluted common shares outstanding	**84,473**	84,007

a Tax cost (benefit) of $12 million and $(12) million for the years ended December 31, 2019 and 2018, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors including the ability to utilize capital losses.

b Tax cost (benefit) of $1 million and $(4) million for the years ended December 31, 2019 and 2018, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors including the tax status of specific foreign exchange transactions.

c Tax (benefit) of $(7) million and $(11) million for the years ended December 31, 2019 and 2018, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions.

d Tax cost of $nil and $0.3 million for the years ended December 31, 2019 and 2018, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions.

e Tax (benefit) of $(7) million and $(35) million for the years ended December 31, 2019 and 2018, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions.

f Tax cost of $2 million and $24 million for the years ended December 31, 2019 and 2018, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions.

g Ex-PGAAP operating income (loss) and ex-PGAAP operating income (loss) per diluted common share are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. The reconciliations to the most comparable GAAP financial measures, net income (loss) available (attributable) to common shareholders and earnings (loss) per diluted common share, respectively, are presented in the table above, and a discussion of the rationale for the presentation of these items is provided later in this report.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31, 2019			Year ended December 31, 2018		
	Insurance	**Reinsurance**	**Total**	Insurance	Reinsurance	Total
Underwriting revenues						
Gross premiums written	**$ 3,675,931**	**$ 3,222,927**	**$ 6,898,858**	$ 3,797,592	$ 3,112,473	$ 6,910,065
Ceded premium written	**(1,466,776)**	**(942,467)**	**(2,409,243)**	(1,472,845)	(778,258)	(2,251,103)
Net premiums written	**2,209,155**	**2,280,460**	**4,489,615**	2,324,747	2,334,215	4,658,962
Gross premiums earned	**3,623,180**	**3,287,497**	**6,910,677**	3,757,436	3,124,781	6,882,217
Ceded premiums earned	**(1,433,096)**	**(890,403)**	**(2,323,499)**	(1,394,830)	(695,892)	(2,090,722)
Net premiums earned	**2,190,084**	**2,397,094**	**4,587,178**	2,362,606	2,428,889	4,791,495
Other insurance related income	**2,858**	**13,586**	**16,444**	3,460	7,162	10,622
Total underwriting revenues	**2,192,942**	**2,410,680**	**4,603,622**	2,366,066	2,436,051	4,802,117
Underwriting expenses						
Net losses and loss expenses	**1,278,679**	**1,766,119**	**3,044,798**	1,494,323	1,695,964	3,190,287
Acquisition costs	**468,281**	**556,301**	**1,024,582**	399,193	569,642	968,835
Underwriting-related general and administrative expenses[a]	**401,963**	**103,772**	**505,735**	395,252	123,916	519,168
Total underwriting expenses	**2,148,923**	**2,426,192**	**4,575,115**	2,288,768	2,389,522	4,678,290
Underwriting income (loss)	**44,019**	**(15,512)**	**28,507**	77,298	46,529	123,827
Acquisition costs adjustment	**12,139**	**68**	**12,206**	121,014	4,453	125,467
Ex-PGAAP underwriting income (loss)[b]	**$ 31,880**	**$ (15,580)**	**$ 16,301**	$ (43,716)	$ 42,076	$ (1,640)
Other (expenses) income						
Net investment income			**$ 478,572**			$ 438,507
Net investment gains (losses)			**91,233**			(150,218)
Corporate expenses[a]			**(129,096)**			(108,221)
Foreign exchange gains			**12,041**			29,165
Interest expense and financing costs			**(68,107)**			(67,432)
Reorganization expenses			**(37,384)**			(66,940)
Amortization of value of business acquired			**(26,722)**			(172,332)
Amortization of intangible assets			**(11,597)**			(13,814)
Total (other) expenses income			**308,940**			(111,285)
Income before income taxes and interest in income of equity method investments			**$ 337,447**			$

a Underwriting-related general and administrative expenses is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to general and administrative expenses, the most comparable GAAP financial measure, also included corporate expenses as presented above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

b Ex-PGAAP underwriting income (loss) is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to the most comparable GAAP financial measure, income (loss) before income taxes and interest in income (loss) of equity method investments is presented in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

NON-GAAP FINANCIAL MEASURES

We present our results of operations in the way we believe will be most meaningful and useful to investors, analysts, rating agencies and others who use our financial information to evaluate our performance. Some of the measurements we use are considered non-GAAP financial measures under SEC rules and regulations. In this report, we present underwriting-related general and administrative expenses, consolidated underwriting income (loss), ex-PGAAP underwriting income (loss), and ex-PGAAP operating income (loss) (*in total and on a per share basis*) which are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. We believe that these non-GAAP financial measures, which may be defined and calculated differently by other companies, better explain and enhance the understanding of our results of operations. However, these measures should not be viewed as a substitute for those determined in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Underwriting-Related General and Administrative Expenses

Underwriting-related general and administrative expenses include those general and administrative expenses that are incremental and/or directly attributable to our underwriting operations. While this measure is presented in the '*Segment Information*' note to our Consolidated Financial Statements, it is considered a non-GAAP financial measure when presented elsewhere on a consolidated basis.

Corporate expenses include holding company costs necessary to support our worldwide insurance and reinsurance operations and costs associated with operating as a publicly-traded company. As these costs are not incremental and/or directly attributable to our underwriting operations, these costs are excluded from underwriting-related general and administrative expenses, and therefore, consolidated underwriting income (loss). General and administrative expenses, the most comparable GAAP financial measure to underwriting-related general and administrative expenses, also includes corporate expenses.

The reconciliation of underwriting-related general and administrative expenses to general and administrative expenses, the most comparable GAAP financial measure, is presented in the '*Consolidated Statement of Operations*' section of this report.

Consolidated Underwriting Income (Loss)

Consolidated underwriting income (loss) is a pre-tax measure of underwriting profitability that takes into account net premiums earned and other insurance related income (losses) as revenues and net losses and loss expenses, acquisition costs and underwriting-related general and administrative expenses as expenses. While this measure is presented in the '*Segment Information*' note to our Consolidated Financial Statements, it is considered a non-GAAP financial measure when presented elsewhere on a consolidated basis.

We evaluate our underwriting results separately from the performance of our investment portfolio. As such, we believe it is appropriate to exclude net investment income and net investment gains (losses) from our underwriting profitability measure.

Foreign exchange losses (gains) in our consolidated statement of operations primarily relate to the impact of foreign exchange rate movements on our net insurance-related liabilities. However, we manage our investment portfolio in such a way that unrealized and realized foreign exchange losses (gains) on our investment portfolio generally offset a large portion of the foreign exchange losses (gains) arising from our underwriting portfolio. As a result, we believe that foreign exchange losses (gains) are not a meaningful contributor to our underwriting performance, therefore, foreign exchange losses (gains) are excluded from consolidated underwriting income (loss).

Interest expense and financing costs primarily relate to interest payable on our debt. As these expenses are not incremental and/or directly attributable to our underwriting operations, these expenses are excluded from underwriting-related general and administrative expenses, and therefore, consolidated underwriting income (loss).

Reorganization expenses are primarily driven by business decisions, the nature and timing of which are not related to the underwriting process, therefore, these expenses are excluded from consolidated underwriting income (loss).

Amortization of intangible assets including VOBA arose from business decisions, the nature and timing of which are not related to the underwriting process, therefore, these expenses are excluded from consolidated underwriting income (loss).

We believe that presentation of underwriting-related general and administrative expenses and consolidated underwriting income (loss) provides investors with an enhanced understanding of our results of operations, by highlighting the underlying pre-tax profitability of our underwriting activities. The reconciliation of consolidated underwriting income (loss) to income (loss) before income taxes and interest in income (loss) of equity method investments, the most comparable GAAP financial measure, is presented in the '*Consolidated Statement of Operations*' section of this report.

Ex-PGAAP Operating Income (Loss)

Ex-PGAAP operating income (loss) represents after-tax operational results exclusive of net investment gains (losses), foreign exchange losses (gains), reorganization expenses, interest in income (loss) of equity method investments, together with amortization of VOBA and intangible assets, and amortization of acquisition costs, both associated with the balance sheet of Novae Group plc ("Novae") at October 2, 2017 (the "closing date" or "acquisition date").

Although the investment of premiums to generate income and investment gains (losses) is an integral part of our operations, the determination to realize investment gains (losses) is independent of the underwriting process and is heavily influenced by the availability of market opportunities. Furthermore, many users believe that the timing of the realization of investment gains (losses) is somewhat opportunistic for many companies.

Foreign exchange losses (gains) in our consolidated statements of operations primarily relate to the impact of foreign exchange rate movements on net insurance-related liabilities. In addition, we recognize unrealized foreign exchange losses (gains) on our equity securities and foreign exchange losses (gains) realized on the sale of our available for sale investments and equity securities in net investment gains (losses). We also recognize unrealized foreign exchange losses (gains) on our available for sale investments in other comprehensive income (loss). These unrealized foreign exchange losses (gains) generally offset a large portion of the foreign exchange losses (gains) reported in net income (loss) available (attributable) to common shareholders, thereby minimizing the impact of foreign exchange rate movements on total shareholders' equity. As a result, the foreign exchange losses (gains) in our consolidated statement of operations in isolation are not a fair representation of the performance of our business.

Reorganization expenses are primarily driven by business decisions, the nature and timing of which are not related to the underwriting process, therefore, these expenses are excluded from ex-PGAAP operating income (loss).

Interest in income (loss) of equity method investments is primarily driven by business decisions, the nature and timing of which are not related to the underwriting process, therefore, this income (loss) is excluded from ex-PGAAP operating income (loss).

Certain users of our financial statements evaluate performance exclusive of after-tax net investment gains (losses), foreign exchange losses (gains), reorganization expenses, interest in income (loss) of equity method investments, together with amortization of VOBA and intangible assets, and amortization of acquisition costs, both associated with Novae's balance sheet at the acquisition date, to understand the profitability of recurring sources of income.

We believe that showing net income (loss) available (attributable) to common shareholders exclusive of after-tax net investment gains (losses), foreign exchange losses (gains), reorganization expenses, interest in income (loss) of equity method investments, together with amortization of VOBA and intangible assets, and amortization of acquisition costs, both associated with Novae's balance sheet at the closing date, reflects the underlying fundamentals of our business. In addition, we believe that this presentation enables investors and other users of our financial information to analyze performance in a manner similar to how our management analyzes the underlying business performance. We also believe this measure follows industry practice and, therefore, facilitates comparison of our performance with our peer group. We believe that equity analysts and certain rating agencies that follow us, and the insurance industry as a whole, generally exclude these items from their analyses for the same reasons.

The reconciliation of ex-PGAAP operating income (loss) to net income (loss) available (attributable) to common shareholders, the most comparable GAAP financial measure, is presented in the '*Non-GAAP Financial Measures Reconciliation*' section of this report.

We also present ex-PGAAP operating income (loss) per diluted common share which is derived from the ex-PGAAP operating income (loss) measure and is reconciled to the most comparable GAAP financial measure, earnings (loss) per diluted common in the '*Non-GAAP Financial Measures Reconciliation*' section of this report.

We believe the presentation of ex-PGAAP operating income (loss) and ex-PGAAP operating income (loss) per diluted common share enables investors and other users of our financial information to analyze the performance of our business.

Ex-PGAAP Underwriting Income (Loss)

Ex-PGAAP underwriting income (loss) represents underwriting income (loss) inclusive of acquisition costs associated with Novae's balance sheet at acquisition date. The reconciliation to the most comparable GAAP financial measure, income (loss) before income taxes and interest in income (loss) of equity method investments is provided in the '*Non-GAAP Financial Measures Reconciliation*' section of this report.

We believe the presentation of ex-PGAAP underwriting income (loss) enables investors and other users of our financial information to better analyze the performance of our business.

Acquisition of Novae

On October 2, 2017, we acquired Novae. At the acquisition date, we identified VOBA, which represents the present value of the expected underwriting profit within policies that were in-force at the closing date of the transaction. In addition, the allocation of the acquisition price to the assets acquired and liabilities assumed based on estimated fair values at the acquisition date, resulted in the write-off of the deferred acquisition cost asset on Novae's balance sheet at the acquisition date as the value of policies in-force on that date are considered within VOBA.

Consequently, underwriting income (loss) in the years ended December 31, 2019 and 2018 included the recognition of premiums attributable to Novae's balance sheet at the acquisition date without the recognition of the associated acquisition costs of $12 million and $125 million, respectively, which were written off at the closing date.

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- Risk Committee

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Chairman of the Board, AXIS Capital
- Executive Committee

Charles A. Davis
Chief Executive Officer, Stone Point Capital LLC
- Executive Committee
- Finance Committee, Chairman
- Risk Committee

Anne Melissa Dowling
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- Corporate Governance and Nominating Committee
- Finance Committee

Robert L. Friedman
Senior Advisor and Former Senior Managing Director, Blackstone Group LP
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- Risk Committee

Christopher V. Greetham
Former Chief Investment Officer, XL Capital Ltd.
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Elanor R. Hardwick
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- Compensation Committee
- Corporate Governance and Nominating Committee, Chairman

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- Audit Committee, Chairman and Financial Expert
- Compensation Committee
- Corporate Governance and Nominating Committee

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- Compensation Committee, Chairman
- Corporate Governance and Nominating Committee
- Executive Committee, Chairman
- Risk Committee

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- Corporate Governance and Nominating Committee
- Risk Committee

Wilhelm Zeller
Former Chairman of the Executive Board, Hannover Re
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- Finance Committee
- Risk Committee

Lizabeth Zlatkus
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- Compensation Committee
- Finance Committee

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President and Chief Executive Officer

David Phillips
Chief Investment Officer

Peter J. Vogt
Chief Financial Officer

Peter W. Wilson
Chief Executive Officer, AXIS Insurance

Steve Arora
Chief Executive Officer, AXIS Reinsurance

SHAREHOLDER INFORMATION

Annual Meeting

Date:
May 7, 2020 at 8:30 a.m. AST

Location:
AXIS House, 92 Pitts Bay Road
Pembroke HM 08, Bermuda

Independent registered public accounting firm

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