



AXIS Capital Holdings Limited Sustainability Accounting Standards Board Disclosure Report 2019

For the year-ended December 31, 2019



All data in this Sustainability Accounting Standards Board (“SASB”) disclosure is as of, or for the year-ended December 31, 2019 unless otherwise noted.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURE

AXIS Capital Holdings Limited ("AXIS Capital"), a Bermuda public limited liability company, provides a broad range of specialty insurance and reinsurance solutions to its clients on a worldwide basis through its operating subsidiaries and branch networks based in Bermuda, the United States, Europe, Singapore, Canada and the Middle East.

AXIS brings the sophistication of a top specialty insurer and global reinsurer and the agility of a firm with entrepreneurial roots. We write business from a position of leadership and relevance in our chosen markets. Our leadership is grounded in our people and in our corporate culture, which encourages collaboration, diversity and innovation. A purpose-driven organization, we strive to leave a positive imprint on the world through responsible business practices.

The following disclosure is aligned with the SASB standards for the insurance industry.¹ For additional information about our environmental, social and governance practices, please refer to our annual report to shareholders, proxy statement and our corporate citizenship website, found at: www.axiscapital.com.

In this disclosure, references to "AXIS Capital" refer to AXIS Capital Holdings Limited and references to "AXIS" "we", "us", "our", the "Group" or the "Company" refer to AXIS Capital Holdings Limited and its direct and indirect subsidiaries and branches.

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¹ This report contains information about AXIS as of December 31, 2019. The inclusion of information contained in this report should not be construed as a characterization regarding the materiality or financial impact of that information. For a discussion of information that is material to AXIS Capital, please see our 2019 Annual Report on Form 10-K for the fiscal year ended December 31, 2019 ("2019 Form 10-K") filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2020 and our periodic and other filings with the SEC, which are accessible on the SEC's website at www.sec.gov and our website at www.axiscapital.com, for additional information concerning AXIS Capital, including information which is more current than that contained in this report. This report should be read in conjunction with our filings with the SEC and the other information we publish.

II. Activity Metric

SASB TOPIC	SASB CODE	ACCOUNTING METRIC	PAGE
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TRANSPARENT INFORMATION & FAIR ADVICE FOR CUSTOMERS

FN-IN-270a.1

Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers

In accordance with SEC requirements, AXIS Capital discloses all material legal proceedings, other than ordinary routine litigation incidental to the business, in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. In 2019, legal proceedings and/or losses, if any, associated with marketing and communication of insurance product-related information were de minimis.

FN-IN-270a.2

Complaints-to-claims ratio

INSURANCE

We provide a broad range of specialty lines insurance solutions to clients on a worldwide basis, through operating subsidiaries and branch networks based in Bermuda, the United States, Europe, Singapore, Canada and the Middle East. The lines of business in our insurance segment include property, marine, terrorism, aviation, credit and political risk, professional lines, liability and accident and health.

The SASB Insurance Standard includes “complaints-to-claims ratio” as an accounting metric. Under the standard, this metric is the ratio of the number of complaints the entity received across all insurance segments and regions during the reporting period per 1,000 claims that have been filed across all segments and regions during the same reporting year.

We do not calculate a complaints-to-claims ratio in accordance with the SASB metric because we do not believe it is a meaningful metric for assessing our claims handling process. Instead, we are providing an alternative complaint ratio metric, as described below.

One reason we do not calculate the complaints-to-claims ratio in accordance with the SASB metric is that complaints may be received years after a claim is closed, which could overstate or understate the ratio for particular periods. We also do not believe the metric to be meaningful for comparing our claims handling process to that of other companies. Companies may track open and closed claims differently, which could result in a comparison that is not meaningful. Additionally, a comparison of complaints-to-claims ratios across companies would not account for variations in an underwriting company’s concentration of lines of business or market share, which further diminishes the usefulness of the metric.

We are providing an alternative complaint ratio metric. In particular, our U.S.-based insurance subsidiaries are subject to insurance regulation in the states and jurisdictions where they conduct business. Most state insurance departments provide consumer complaint data to the National Association of Insurance Commissioners (“NAIC”) Consumer Information Source (“CIS”). Based on information from the state insurance departments, the NAIC provides a summary listing of all closed complaints by line of business for each U.S. domiciled underwriting company. The NAIC also develops a “closed complaint index,” which takes into account this information as well as market share of premium by line of business. We believe this closed complaint index is a more meaningful metric because it factors in market concentration. Accordingly, we are providing a compilation of these closed complaint indices for our active U.S. insurance underwriting companies

that report financial information to the NAIC. We have not provided closed complaint indices for our non-U.S. insurance subsidiaries, since the information needed to develop comparable indices is not available in other jurisdictions.

The NAIC defines “closed complaints” as complaints where the state has upheld the consumer’s position and calculates a “closed complaint index” by comparing a company’s share of closed complaints to the company’s share of premiums in the U.S. market. The NAIC National Complaint Index is set at 1.00 to allow an individual company “complaint index” to be used to easily compare the company’s consumer complaint performance to other companies in the market. A company with a complaint index greater than 1.00 has a complaint index that is higher than expected in the market; a company with a complaint index less than 1.00 has a complaint index that is lower (better) than expected in the market. As disclosed on the NAIC website, CIS data is voluntarily supplied by state insurance departments and compiled and coded by the NAIC. Not all states provide complaint data to the CIS. In 2019, the complaint index was available for the following companies.

- For AXIS Insurance Company, the closed complaint index reported by the NAIC for 2019 was 0.45 (based on 12 complaints).
- For AXIS Surplus Insurance Company, the closed complaint index reported by the NAIC for 2019 was 0.06 (based on 1 complaint).
- For AXIS Reinsurance Company,² the closed complaint index reported by the NAIC for 2019 was -0- (based on 0 complaints).

The complaint index for all three companies was lower (better) than expected in the market. This information is also available through the Consumer page on the NAIC site at: https://www.naic.org/index_consumer.htm.

REINSURANCE

Our reinsurance subsidiaries do not generally interface directly with consumers, but rather cedants. Furthermore, other than occasional claims disputes, our reinsurance subsidiaries do not receive formal complaints from their ceding company clients. As a result, we do not receive state-insurance-departments consumer complaints. Therefore, our reinsurance subsidiaries are unable to evaluate claims performance based upon complaint volume.

SASB Code - FN-IN-270a.3

Customer retention rate

INSURANCE

We regularly monitor our customer retention rates in our insurance segment for measurable lines of business, excluding business lines that by their nature are non-recurring (for example, Capital Risk Solutions). We use this measure for internal management reporting, to understand changes in a business line and to analyze trends in the market.

The Company’s customer retention ratio for its insurance business varies among operational divisions. For the year ending December 31, 2019, our customer retention rate by division ranged between 62% - 84%.³

REINSURANCE

We do not find customer retention to be a useful metric for our reinsurance business because our clients are insurance companies and our strategic focus is on adjusting capacity in different markets based on pricing.

² AXIS Reinsurance Company is included in this report due to the small amount of direct business written by the company.

³ Our methodology does not adjust the calculation for involuntarily terminated customers as contemplated by the SASB standards. This customer retention rate is calculated on a premium-weighted basis, since we believe this is more informative than a policy-count weighted basis for our business. This retention ratio is based on open market business and excludes delegated authority business.

Description of approach to informing customers about products**INSURANCE**

Our specialty insurance products are offered through professionally licensed brokers, both wholesale and retail, authorized managing general agents, managing general underwriters, program managers and third-party administrators (collectively, “Producer[s]” and/or “Broker[s]”). These Producers/Brokers work with our existing and potential customers, providing information and advice about our insurance products’ scope of coverage, terms and conditions. We encourage our customers to carefully review the wording in our policies and to ask their insurance Broker any questions. In addition, these Producers/Brokers continue to assist customers following the purchase of a policy. Our underwriters regularly educate and inform the Producers/Brokers about our products to ensure that they have comprehensive understanding of our products and the suitability of those products’ coverage. In particular, our underwriters regularly provide Producers/Brokers with information about the cost of our products, their limits, deductibles and exclusions.

We also provide the Producers/Brokers with additional services and resources about the risks our customers face through a variety of channels such as our website, social media channels, advertising, events (which include educational training events), webinars, brochures, whitepapers, newsletters, videos and email communications. Content provided to the Producers/Brokers includes policy information, legally required disclosures, incident response services, thought leadership on relevant topics (such as climate change), claims resources and education on risk mitigation on emerging risks (such as cyber and renewable energy risks). The applicable underwriting business unit, marketing and communications group, and legal department are all involved in the preparation of the material provided to the Producers/Brokers.

REINSURANCE

Our reinsurance products are generally offered to ceding insurance companies mostly through professionally licensed reinsurance intermediaries, although we do offer some direct reinsurance. Our reinsurance contracts mostly require that all communications (including claims communications) with ceding companies be directed through these intermediaries. Our reinsurance products are not marketed to individuals.

CLAIMS

We aim to consistently rank among the (re)insurers most highly rated for customer satisfaction. Our claims philosophy is built on the foundation of timely decision making and a straight-forward approach. Claims can be submitted a variety of ways, including through Producers/Brokers/Intermediaries, phone, mail, our website or email. Our claims specialists make an assessment of each claim, based on the facts of the claim, the policy/treaty terms and conditions, applicable law as well as the interests of the insured/reinsured

Please refer to Item 1 of the Company’s 2019 Form 10-K for additional information regarding our lines of business and the distribution of our insurance and reinsurance products.

INCORPORATION OF ENVIRONMENTAL, SOCIAL & GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT**Total invested assets, by industry and asset class**

We follow a conservative investment strategy that is intended to provide adequate liquidity for the prompt payment of claims. At December 31, 2019, 87.4% of our investment portfolio was invested in fixed maturity and short-term investments. As of that date, the weighted average credit rating of our fixed maturity portfolio was AA-. Information concerning our short-term and long-term investment assets by asset class, and a breakdown of investments by industry, is collectively contained in Note 5, Investments to our 2019 Consolidated Financial Statements, the Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2019 Form 10-K and in the Investor Financial Supplement on our Investor Relations website at www.investor.axiscapital.com.

SASB Code - FN-IN-410a.2

Description of approach to incorporation of ESG Factors in investment management processes and strategies

Insurers are subject to a number of regulatory requirements pertaining both to the types, and risk concentrations, of investments that they are permitted to hold. This is to ensure the ability of insurers to pay claims in a timely fashion is not hampered by insufficient liquidity. As we disclose in our annual filings with the SEC, our investment portfolio consists primarily of low-risk, liquid fixed income investments.

AXIS primarily follows an outsourced investment management model. Therefore, its primary engagement on ESG factors in its investment management processes and strategies involves the evaluation of the manner in which AXIS' core fixed income managers integrate ESG factors into investment decisions and ongoing issuer monitoring and engagement. This evaluation is taken into account in AXIS' manager selection and annual manager scorecard process.

In addition to the above, in 2019, AXIS adopted a Thermal Coal and Oil Sands Policy. Pursuant to that policy, AXIS will not make new investments in companies that generate 30% or more of their revenues from thermal coal mining, that generate 30% or more of their power from thermal coal, or that hold more than 20% of their reserves in oil sands. That policy is publicly available on our website at www.axiscapital.com.

POLICIES DESIGNED TO INCENTIVIZE RESPONSIBLE BEHAVIOR

SASB Code - FN-IN-410b.1

Net premiums written related to energy efficiency and low carbon technology

Premiums related to energy efficiency and low carbon technology include premiums for policies relating to our renewable energy business.

We believe insurers have an important role to play in mitigating climate risk and transitioning to a low-carbon economy, and as a leading global carrier in renewable energy insurance, we believe AXIS is positioned to provide value and service to this growing market. Our renewable energy team has extensive experience and in-depth understanding of the risks faced by the renewable energy industry. We provide specialized property and casualty coverage for every stage of wind, solar and energy storage projects, from development through operation, on risks ranging from stand-alone projects to utility-scale portfolios. Our clients include project developers, operators, independent power producers, EPC's and utility companies around the globe.

Our global renewable energy business units grew its gross written premiums each year for the last three years.

SASB Code - FN-IN-410b.2

Description of Approach to products and/or product features that incentivize health, safety and/or environmentally responsible actions and/or behaviors

As a responsible corporate citizen, AXIS believes it is important to incorporate incentives into its products that encourage smarter decisions regarding health, safety and environmental responsibility. Some of these incentives are discussed below.

Health and Safety

U.S. PRIMARY CASUALTY AND EXCESS CASUALTY BUSINESS

- **Commercial Construction, Manufacturing, Transportation, Hospitality and Real Estate Clients.** Through our U.S. Primary Casualty and Excess Casualty business units, we insure specialty businesses in the commercial construction, manufacturing, transportation, hospitality and real estate businesses. Our policies involve individual account rating and pricing, which are adjusted annually to reflect each individual insured's successful

implementation of risk management, safety practices and loss prevention measures. Our underwriting and pricing methodologies offer insureds the ability to proactively manage and effect their premium costs since they are largely in control of their own loss experiences.

- **Chemical, Petrochemical, Oil & Gas and Energy Clients.** Our Excess Casualty customers also include insureds associated with the chemical, petrochemical, oil & gas and energy industries. These types of insureds will typically experience significant exposures to environmental hazards and accidental chemical and petrochemical spills and releases. Our underwriting and pricing practices are designed to benefit and reward those insureds who are best able to manage their environmental and pollution exposures through sound risk management, safety practices, loss prevention and ultimately the prevention of spills and releases of pollutants.

RISK CONTROL FUNCTION

Alongside our underwriting operations, AXIS has a robust risk control function that carefully identifies exposures in all lines of business through loss-control inspections and reviews. Identifying the hazards and providing solutions to mitigate or eliminate that hazard will make the policy holder's business safer. During the course of meetings with policyholders, AXIS provides detailed guidance in order to help policyholders identify potential areas of loss before a circumstance giving rise to such a loss can materialize.

- **Property Business.** In our property line of business, losses result in release of contaminants from fires (smoke & heat), water damages, destruction of property and other environmental exposures. Our loss control function works with policyholders in this area to make recommendations that, if implemented, may greatly limit damages and the devastating exposure to property and the surrounding environment.
- **Casualty Business.** On the casualty side of the business, inspections identify injury hazards/ exposures, and we recommend solutions and improvements that are aimed at eliminating the potential for injury to the public and can improve the work and public environment. These efforts all provide employees with safer workplaces.
- **Safety Designations for Landscape Industry Clients.** AXIS offers credits in 98% of states between 3 and 10% on premiums to certain of our landscape industry clients with specific nationally recognized safety designations in recognition of their exemplary worker safety practices.
- **Premium Credits.** AXIS may apply schedule rating modifications to reflect special characteristics of a risk that are not fully reflected in basic company premiums or rates. This may lead to premium credits for behaviors such as management cooperation in matters of safeguarding and proper handling of covered property, exemplary employee selection training, supervision and experience levels and particular care being given to insured premises. We may also provide credits to insureds with "green" buildings, or to those conducting energy-efficiency upgrades on their current buildings.

ACCIDENT & HEALTH

- **Employee Assistance Program.** In connection with its Limited Benefits product offerings, AXIS makes an Employee Assistance Program (EAP) available to its members. This program provides members who experience personal and work-related issues that can impact their physical and emotional health and wellbeing with counseling services that they can seek from the comfort and privacy of their own homes, obviating the need for an in-person doctor visit and potentially providing care earlier than an in-person visit might be able to provide.
- **First Responder Assistant Program.** In connection with the disability, medical and accidental death insurance AXIS provides for volunteer firefighters, it provides preventative services that include a First Responder Assistant Program (FRAP). FRAP is similar to an EAP and provides mental health, marital, financial and other assistance to volunteers in need with similar benefits to those described above.
- **Teledoc Services.** AXIS has a partnership with Teledoc, the nation's largest telehealth provider, which utilizes Teledoc's HIPAA compliant system to provide virtual healthcare consultations via the phone or online video. Teledoc includes the cost of the consultation, so the member pays nothing out of pocket. Most commonly used for minor illnesses and similar issues such as the cold, flu and infections, the consults result in a prescription in more than 70% of the visits and, similar to the EAP, expedites care by providing it immediately through the phone or

online. Use of this service also preserves insurance benefits for use by their holders for more serious consultations.

CYBER INCIDENT RESPONSE SERVICE

AXIS cyber insurance products include both risk management and cyber incident response services. AXIS cyber risk management services are designed to help businesses prepare for and mitigate against the risk of a cyber incident occurring. This is achieved through various education methods including training events, tests and online content. The AXIS cyber incident response hotline allows clients to access immediate assistance once they become aware of a cyber incident. The AXIS incident response manager will suggest actions to mitigate any immediate risk and allocate appropriate experts to get to a speedy resolution and ensure the business can continue to function.

Environment

RENEWABLE ENERGY PRACTICE

Through our proprietary property coverage practice, our products extend coverage to renewable energy customers active in wind, solar and battery storage technology. Our products, services and expertise can help these industries keep their employees safe and protect their physical assets, balance sheet and ultimately their long term success. Our coverage provides insurance solutions for all aspects of a renewable energy business, delivery of technology to site, to development and operations. As U.S. domestic and international renewable energy industries continue to expand, our renewable energy practice analyzes industry trends, market data and loss trends to design and develops insurance products tailored to the specific needs of renewable energy businesses.

ENVIRONMENTAL INSURANCE

Through our environmental insurance practice, we offer a range of risk protection and mitigation solutions to help our clients plan for the uncertainties that come with environmental projects. Our environmental insurance aims to offer innovative coverage against environmental risk exposures and provide versatile solutions to safeguard against pollution related risks.

DESIGN PROFESSIONAL LIABILITY INSURANCE

We provide design professional liability insurance. Our coverage recognizes that architectural and engineering professionals face a broadening scope of contractual requirements and potential liability, including contractual requirements relating to sustainability. We encourage our clients to comply with these new requirements, and we offer risk management services to reduce the likelihood of claims.

THERMAL COAL AND OIL SANDS POLICY

In 2019, AXIS published its thermal coal and oil sands policy, limiting the provision of (re)insurance to, or investment in, new thermal coal plants or oil sands infrastructure or the companies that build, own or operate such enterprises. The policy aims to encourage environmentally responsible business practices among our current and prospective insureds by, among other things, encouraging them to commit to mid- to long-term transition plans away from thermal coal or oil sands business, and is part of AXIS' broader strategy to invest in growth areas such as renewable energy insurance.

ENCOURAGING BUILDING CODES RESILIENT TO CLIMATE-RELATED RISKS

The Company utilizes models on the property side that are sensitive to building characteristics which results in discounted pricing applied to building codes that are more resilient to climate-related risks.

PREMIUM CREDITS

AXIS may apply schedule rating modifications to reflect special characteristics of a risk that are not fully reflected in basic company premiums or rates. In particular, we may provide credits to insureds with "green" buildings, or to those conducting energy-efficiency upgrades on their current buildings.

ENVIRONMENTAL RISK EXPOSURE

SASB Code - FN-IN-450a.1

Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes

The table below shows our mean PML estimates (after reinsurance) to a single natural peril catastrophe event within certain defined single zones that correspond to peak industry catastrophe exposures at January 1, 2020, based on catastrophe modeling and exceedance probability. The return period refers to the frequency with which losses of a given amount or greater are expected to occur. A zone is a geographic area in which the insurance risks are considered to be correlated to a single catastrophic event. As disclosed in our Financial Supplement for the period ended December 31, 2019, estimated losses from a modeled event are grouped into a single zone based on where the majority of the total estimated industry loss is expected to occur.

Estimated Net Exposures (millions of U.S. dollars)

TERRITORY	PERIL	50 YEAR RETURN PERIOD	% OF COMMON SHAREHOLDERS' EQUITY	100 YEAR RETURN PERIOD	% OF COMMON SHAREHOLDERS' EQUITY	250 YEAR RETURN PERIOD	% OF COMMON SHAREHOLDERS' EQUITY
<i>Single zone, single event</i>							
Southeast	U.S. Hurricane	\$ 262	5.5%	\$ 310	6.5%	\$ 428	9.0%
Northeast	U.S. Hurricane	53	1.1%	145	3.0%	236	4.9%
Mid-Atlantic	U.S. Hurricane	120	2.5%	214	4.5%	349	7.3%
Gulf of Mexico	U.S. Hurricane	202	4.2%	249	5.2%	283	5.9%
California	Earthquake	176	3.7%	249	5.2%	292	6.1%
Europe	Windstorm	195	4.1%	238	5.0%	316	6.6%
Japan	Earthquake	138	2.9%	247	5.2%	414	8.7%
Japan	Windstorm	114	2.4%	195	4.1%	256	5.4%

As indicated in the table above, our modeled single occurrence 1-in-100 year return period PML for a Southeast hurricane, net of reinsurance, is approximately \$0.3 billion. According to our modeling, there is a one percent chance that, on an annual basis, our losses incurred from a Southeast hurricane event could be in excess of \$0.3 billion. Conversely, there is a 99% chance that, on an annual basis, the loss from a Southeast hurricane will fall below \$0.3 billion.

We have developed our PML estimates using multiple commercially available catastrophe vendor models, including AIR Worldwide (AIR) and Risk Management Solutions (RMS). We combine the outputs of these vendor models with our estimate of non-modeled perils and other factors, and we believe this provides us with a more complete view of catastrophe risk. There are no industry-standard methodologies or assumptions for projecting catastrophe exposure. Accordingly, catastrophe estimates provided by different insurers may not be comparable.

Our PML estimates are based on assumptions that are inherently subject to significant uncertainties and contingencies. These uncertainties and contingencies could cause actual losses to differ materially from those expressed above. We aim to reduce the potential for model error in a number of ways, foremost by ensuring that management's judgment supplements the model outputs. We also perform ongoing model validation both within our business units and through our catastrophe model validation unit. These validation procedures include sensitivity testing of models to understand their key variables and, where possible, back-testing the model outputs to actual results.

Our estimated net losses from peak zone catastrophes may change from period to period as a result of several factors, which include, but are not limited to, updates to vendor catastrophe models, changes in our own modeling, changes in our underwriting portfolios, changes to our reinsurance purchasing strategy and changes in foreign exchange rates.

CLIMATE CHANGE

Through our NatCat Centre of Excellence, AXIS has devised a set of end-of-century climate change scenarios (for example, 2080-2100) based on relevant reports by the Intergovernmental Panel on Climate Change (IPCC), which set out potential future climate scenarios, and other scientific literature. The outputs from climate scenario testing are used by AXIS to understand and assess our climate risk exposure, recognizing that climate risk quantification techniques are still at an early stage of development and results are highly uncertain. These climate scenarios are based on our current expectations regarding reasonable emission scenarios and do not consider any mitigation measures to address catastrophes that might take place at the end of the century.

Scenarios were devised for U.S. Hurricane, E.U. Windstorm, U.S Wildfire and Japan Typhoon. These scenarios were implemented in the cat modelling by modifying the event sets. The results illustrate that, across all return periods, climate change is modelled to increase losses at varying degrees, depending on the return period and peril region.

For more information about our exposure to catastrophe losses, see our 2019 Form 10-K under “Item 1A-Risk Factors – Our results of operations, financial condition, or liquidity could be materially adversely affected by the occurrence of natural and man-made disasters, as well as outbreaks of pandemic or contagious diseases” and “Item 1A-Risk Factors - Global climate change may have a material adverse effect on our results of operations, financial condition, or liquidity.”

SASB Code - FN-IN-450a.2

Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)

Estimated pre-tax catastrophe and weather-related losses, net of reinsurance and reinstatement premiums, for our Insurance and Reinsurance segments for the last three years are set forth in the table below. These are estimates as of December 31 of each year for events occurring in that year, as reported in our Investor Financial Supplement on our Investor Relations website at www.investor.axiscapital.com.

(In millions)	Accident Year		
Segment	2019	2018	2017
Insurance	84	204	412
Reinsurance	252	226	423
Total	336	430	835

We do not separately identify our losses by modeled and non-modeled catastrophes as we do not believe this categorization is meaningful to our business.

During 2019, we incurred pre-tax catastrophe and weather-related losses, net of reinstatement premiums, of \$336 million or 7.5 points, primarily attributable to Japanese Typhoons Hagibis, Faxai and Tapah; Hurricane Dorian; Australia Wildfires and other weather-related events. Comparatively, in 2018, we incurred pre-tax catastrophe and weather-related losses, net of reinstatement premiums, of \$430 million or 9.0 points, primarily attributable to California Wildfires, Hurricanes Michael and Florence, Typhoon Jebi and other weather-related events.

At December 31, 2019, net reserve for losses and loss expenses included estimated amounts for numerous catastrophe events. We caution that the magnitude and/or complexity of losses arising from these events, in particular Japanese Typhoons Hagibis, Faxai and Tapah; Hurricane Dorian; and the Australia Wildfires, which occurred in 2019; together with Hurricanes Michael and Florence; California Wildfires and Typhoon Jebi, which occurred in 2018, as well as Hurricanes

Harvey, Irma and Maria and the California Wildfires, which occurred in 2017, inherently increase the level of uncertainty and, therefore, the level of management judgment involved in arriving at estimated net reserve for losses and loss expenses. As a result, actual losses for these events may ultimately differ materially from current estimates.

Estimated net reserve for losses and loss expenses in relation to the catastrophe events described above were derived from ground-up assessments of in-force contracts and treaties providing coverage in the affected regions. These assessments take into account the latest information available from clients, brokers and loss adjusters. In addition, we consider industry insured loss estimates, market share analyses and catastrophe modeling analyses, when appropriate. Estimates are subject to change as additional loss data becomes available.

We continue to monitor paid and incurred loss development for catastrophe events of prior years and update estimates of ultimate losses accordingly.

SASB Code - FN-IN-450a.3

Description of Approach to Incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy

Since its inception, AXIS has been at the forefront of assessing and offering protection against weather-related risks such as hurricanes, storms, wildfires and floods, helping businesses and individuals proactively manage their exposure to such risks, and, when the need arises, recover from their aftermath. We therefore have a long history of considering environmental risks at both the policy and enterprise levels.

At the policy level, the environmental risk assessment is specific to the risks to be insured. Environmental risks are taken into account in pricing, coverage limitations and policy duration. At the enterprise level, environmental risks determine business lines and products, capital needs and reinsurance decisions, and are taken into account over short, medium and long-term horizons as part of our enterprise risk management (“ERM”) framework.

As part of our overall ERM framework, we also have put in place a distinct climate change risk management framework to create a holistic approach for managing climate-related risks. As part of our consideration of environmental risks, we specifically seek to identify and assess climate-related risks relating to insurance and reinsurance portfolios by geography, business unit and product line. These risks include physical, transition and liability risks. We seek to identify and assess climate-related risks through proprietary and third-party modeling, which is further described below. We take short-, medium- and long-term horizons into account when assessing environmental risks at both the policy (underwriting) and firm level (management of firm-level risks and capital adequacy). In addition, climate change scenarios are being incorporated into AXIS’ own risk and solvency assessment process, which feeds into longer term impact assessments on capital and solvency.

We also have internal committees and working groups, all of which ultimately report up to members of our Executive Committee, that are actively involved in identifying and assessing climate-related risks relating to insurance and reinsurance portfolios. A climate change working group has been established to focus specifically on climate-related risks. This group oversees and coordinates implementation of our climate change risk management framework. In addition, among other things, this group (1) assesses climate-related risks identified by our product boards, which are discussed further below; (2) promotes knowledge sharing across key groups on the topic of climate change; (3) leads research into climate change and provides information to enterprise management and other senior decision makers involved with CAT and underwriting decisions; (4) considers emerging risks associated with climate change and liaises with other internal working groups and committees for their consideration of these risks in, among other areas, product development and risk management; and (5) recommends model evaluations motivated by possible climate change impacts.

The climate change working group coordinates with other internal working groups concerning climate-related risks. These include, for example, (1) our product boards, which, as part of their role, identify climate risk exposures relating to specific products and product lines and (2) our emerging risk working group, which facilitates and coordinates the identification and management of emerging risks.

Our modeling for climate-related risks utilizes both proprietary and third-party modeling processes, and our catastrophe models are continuously updated, including with the latest meteorological data and to reflect the effects of potential climate changes. Our dedicated Nat Cat Centre of Excellence continuously monitors the newest science on climate

change, which informs our models. This team also reviews our modeling approach and identifies and conducts reviews of peril regions most likely to be affected by climate change (such as regions subject to wildfires). We also partner with third parties to create new natural catastrophe risk conceptualization models.

Our catastrophe models inform our underwriting decisions, pricing and policy terms and reinsurance decisions. Our catastrophe models also are taken into account in setting our long-term financial strategies and business objectives, including new product development. For example, AXIS is investing in growth areas such as renewable energy insurance, an area in which we have maintained our position as a top global (re)insurer, particularly for wind, solar and battery storage facilities. In 2019, AXIS implemented a policy limiting the provision of (re)insurance to new thermal coal plants or oil sands infrastructure or the companies that build, own or operate such enterprises.

In addition, the Company utilizes models on the property side that are sensitive to building characteristics which results in discounted pricing applied to building codes that are more resilient to climate-related risks.

SYSTEMIC RISK MANAGEMENT

SASB Code - FN-IN-550a.1

Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse and (3) total potential exposure to centrally cleared derivatives

The following is a discussion of our primary exposures to derivative instruments. This information is being presented on a Company-wide basis for the AXIS Group as we believe this information is more helpful to investors. For 2019, there was no exposure to derivatives at the U.S.-based insurance subsidiaries required to submit a Schedule DB to the NAIC

As disclosed in the Company's 2019 Form 10-K, the fair value of the Company's investments was \$14.3 billion at December 31, 2019. Our investment guidelines and procedures stress diversification of risk, conservation of principal and liquidity. Our investment portfolio consists primarily of high quality fixed maturities, representing 87% of our total investments and 78% of total cash and investments at December 31, 2019. At December 31, 2019, fixed maturities had a weighted average credit rating of AA- and an average duration of 3.2 years. At December 31, 2019, fixed maturities together with short-term investments and cash and cash equivalents (i.e. total investments of \$14.1 billion), had a weighted average credit rating of AA- and an average duration of 2.9 years. Additional information about the Company's investment portfolio can be found in Item 7 - 'Management's Discussion and Analysis of Financial Condition and Results of Operations' - 'Cash and Investments' in our 2019 Form 10-K and note 5 - 'Investments' to our consolidated financial statements in Item 8 in our 2019 Form 10-K.

The Company's investment strategy permits the use of derivative instruments, which are measured at fair value and recorded on consolidated balance sheets. In particular, the Company may enter into derivative instruments such as futures, options, interest rate swaps and foreign currency forward contracts as part of its overall foreign currency risk management strategy, to obtain exposure to a particular financial market or for yield enhancement. From time to time the Company may also enter into insurance and reinsurance contracts that meet the Financial Accounting Standards Board's definition of a derivative contract.

The estimated notional and fair values of the Company's derivative instruments at December 31, 2019 are summarized below:

	At December 31, 2019		
	(in thousands)		
	Derivative notional amount	Asset derivative fair value ⁽¹⁾	Liability derivative fair value ⁽¹⁾
<i>Relating to investment portfolio:</i>			
Foreign exchange forward contracts	\$ 68,998	\$ —	\$ 1,405
<i>Relating to underwriting portfolio:</i>			
Foreign exchange forward contracts	1,038,630	3,174	2,560
Other underwriting-related contracts	85,000	—	9,672
Total derivatives		\$ 3,174	\$ 13,637

(1) Asset and liability derivatives are classified within other assets and other liabilities in the consolidated balance sheets.

Please refer to note 7 - 'Derivative Instruments' to our consolidated financial statements in Item 8 in our 2019 Form 10-K for additional disclosures concerning derivatives.

SASB Code - FN-IN-550a.2

Total fair value of securities lending collateral assets

During the year ended December 31, 2019, we did not have securities lending collateral assets.

SASB Code - FN-IN-550a.3

Description of Approach to managing capital and liquidity-related risks associated with systemic non-insurance activities

AXIS has an established group-wide ERM Framework which provides a structured and consistent approach to ensuring that risks arising from all activities within the Group are appropriately identified, measured, monitored and controlled with clear ownership and appropriate levels of oversight. This framework is implemented in a consistent manner across all entities within the Group.

Our corporate structure contains a number of non-insurance company entities including (a) the ultimate parent holding company and the intermediate holding companies, (b) the servicing companies for the group's operational activities, (c) providers of insurance related services and (d) investment holding companies. These entities perform various functions and services primarily in support of our underwriting activities.

None of the AXIS companies engage in any systemic non-insurance activities, including investment and funding or other capital market activities that result in maturity or liquidity transformation, leverage or imperfect transfer of credit risk, such

as repo and securities lending or the writing of derivatives contracts that are not used to hedge risk or do not closely match the underlying exposure.

SASB Code - FN-IN-000.A

Number of policies in force by segment: (1) property and casualty, (2) life and (3) assumed reinsurance

The number of policies in force is not an activity metric we use for the insurance or reinsurance coverages we sell to businesses as this measure is not a meaningful metric for coverages that are sold and managed on an account or customer basis.

Important Legal Information

This report contains information about AXIS as of December 31, 2019. The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. Please refer to our periodic and other filings with the SEC, which are accessible on the SEC's website at www.sec.gov and our website at www.axiscapital.com, for additional information concerning AXIS Capital, including information which is more current than that contained in this report. This report should be read in conjunction with our filings with the SEC and the other information we publish.

In addition, this report contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts included in this report, including statements regarding our estimates, beliefs, expectations, intentions, strategies or projections are forward-looking statements. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the United States federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may", "should", "could", "anticipate", "estimate", "expect", "plan", "believe", "predict", "potential", "intend" or similar expressions. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond management's control. These statements include, among other things, statements about our product offerings, catastrophe losses and modeling. Results may differ materially from those expressed or implied by forward-looking statements. Factors that can cause results to differ materially include those described under "Forward Looking Statements" in AXIS Capital's most recent Form 10-K and Form 10-Qs filed with the SEC and available on our website. AXIS Capital undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

