



# Aspen Insurance Holdings Limited Group Overview

September 2023

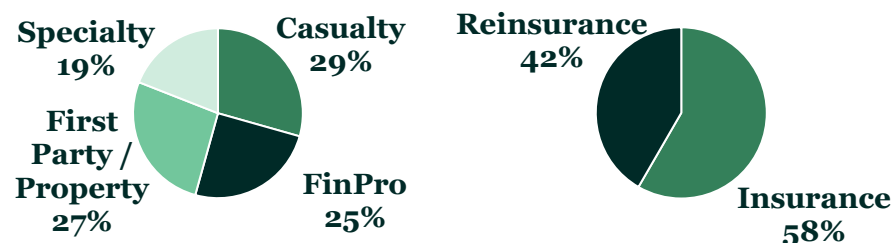
# Aspen at a Glance

(\$ in millions, unless otherwise stated)

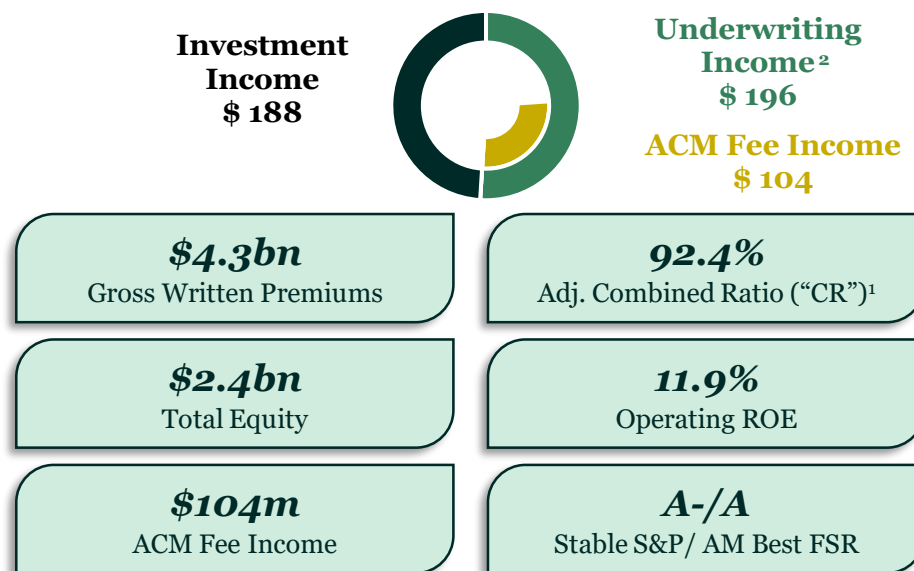
- A **top quartile specialty risk (re)insurer** focused on **total value creation**, through underwriting profit and investment performance
- **Diversified business** with **three earnings engines**; underwriting income, investment income, and fee income through Aspen Capital Markets (“ACM”)
- **Undergone comprehensive transformation** following acquisition by Apollo in February 2019
- A **dynamic capital allocator** with multiple international platforms (UK, Lloyd’s, Bermuda, US)
- **Robust and agile balance sheet**, with strong capitalization to support continued growth alongside substantial backstop via Loss Portfolio Transfer (“LPT”)
- A **unique culture** driven by revamped leadership, with strong **underwriting discipline**

## 2022 Business and Financial Highlights

### By Gross Written Premium (“GWP”)



### By Operating Earnings

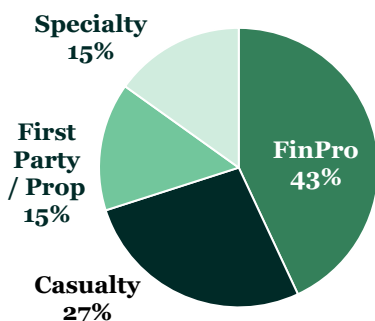


<sup>1</sup> Excludes impact of deferred gain and cost of Loss Portfolio Transfer (“LPT”). <sup>2</sup> Underwriting Income includes other ACM income.

# Our Business Model

(\$ in millions, unless otherwise stated)

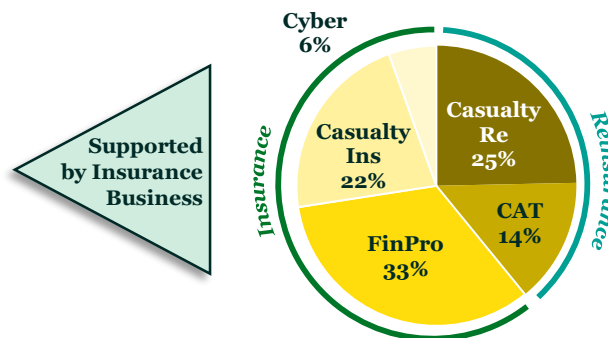
## Insurance



2022 GWP: \$2,532

- ✓ Deep technical underwriting expertise
- ✓ Global capabilities across five underwriting platforms
- ✓ Innovating coordinated solutions encompassing third-party capital

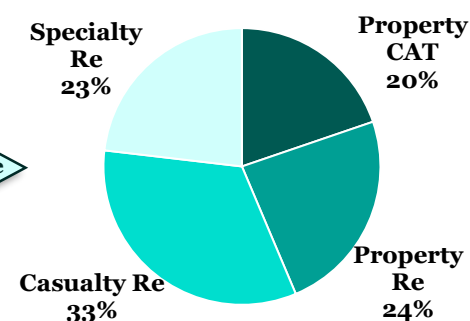
## Aspen Capital Markets



2022 Fee Income: \$104

- ✓ Stable fee income
- ✓ Growth through 3<sup>rd</sup> party capital with \$1.3 billion+ of AUM as of YE 2022
- ✓ Transforming on balance sheet risk into stable fee income
- ✓ Support of multiple lines of business provides diversification of fee income

## Reinsurance



2022 GWP: \$1,807

- ✓ Strong operating performance through opportunistic approach
- ✓ Simplified distribution model
- ✓ Risk allocation that minimizes volatility

# Complete Transformation Since 2019

## Refocused Business



- Repositioned the portfolio, with 17 classes of business exited or divested
- Focus on classes where Aspen has true expertise and market relevance

## Reduced Volatility



- Significantly reduced 1-250 Probable Maximum Loss (PMLs)
- Loss Portfolio Transfer (“LPT”) limits exposure to pre-2020 accident years

## Operational Efficiency



- 19 office locations vs. 30 at YE2018
- Increased GWP per employee by 48% from 2018-2022

## Cultural Transformation



- Strong leadership team
- Instilled culture of teamwork, collaboration and excellence

**We have turned around our operating performance**

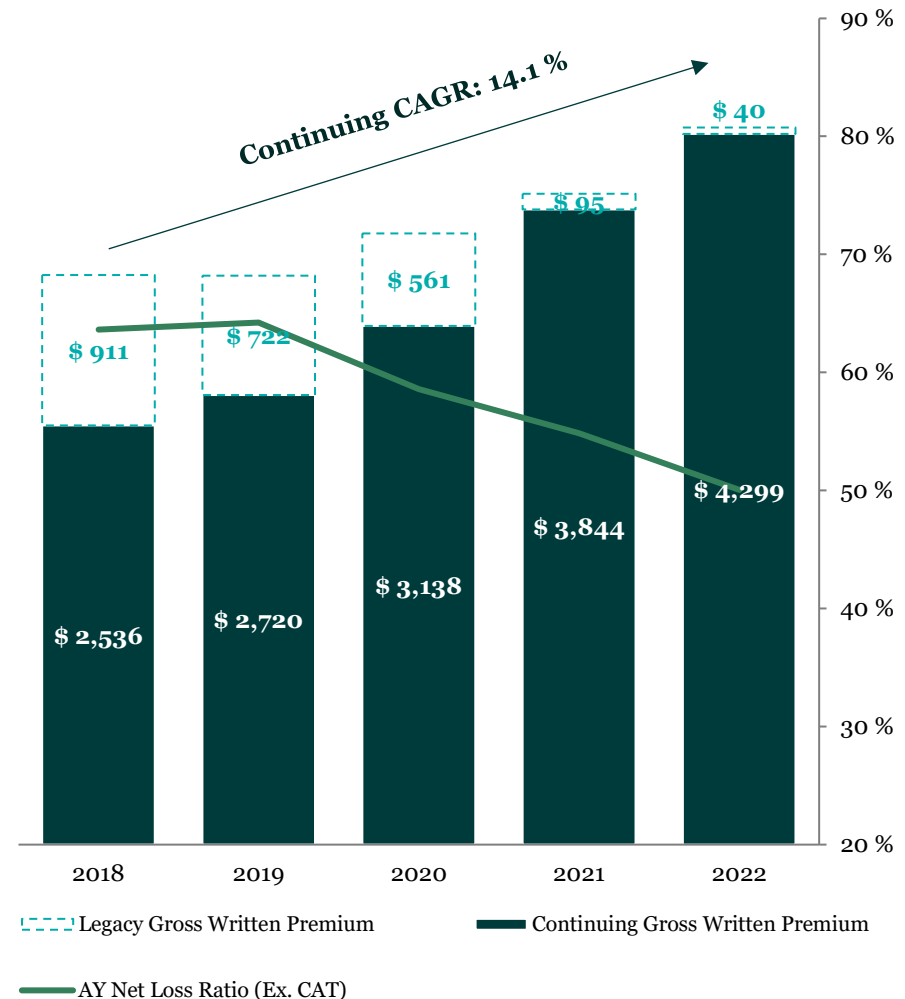
# Refocused on Core Lines of Business

## Transition Strategy

- Optimized portfolio through selective exit from lines due to:
  - Underperformance, lack of scale or no market differentiation
  - Exited both insurance (12) and reinsurance (5) classes
- Aspen has been a leader in retained, continuing lines
  - No new underwritten classes
  - Improved loss performance over past the 5 years

## Continuing Focus

- ✓ Ongoing portfolio management to build resilience
- ✓ Fostering a 'risk allocator' approach
- ✓ Use data to capitalize on opportunities to drive underwriting and claims excellence
- ✓ Leverage value relationships and technical expertise through the three-segment model



# Reduced Volatility via Controlled Property CAT Strategy

## Property CAT Management Actions

Significant Rate Increases

Higher Attaching Portfolio

Tighter Event Definitions

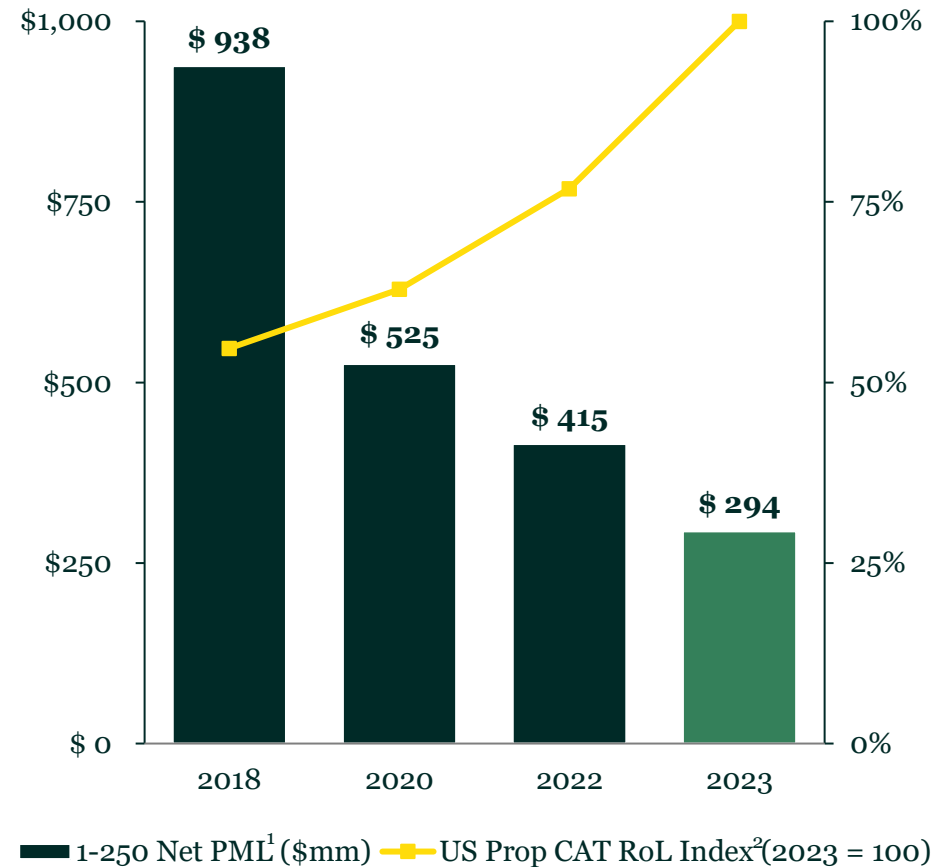
More Defined Peril Coverage

Reduced International Market Share

Underweight Florida Portfolio

Improved Tail Value at Risk ("TVaR") Scores

## Reduced Net PMLs...But Increased Risk Adjusted Returns



<sup>1</sup> Represents Occurrence Exceedance Probability PML for all perils worldwide. <sup>2</sup> Guy Carpenter US Property CAT Rate-On-Line Index.

# One Aspen Team, Creating Value

## Mission

Clarity from Complexity

## Strategic Goals

To be a top quartile specialty risk (re)insurer focused on total value creation through underwriting profit and investment performance.

**3 Pillars: Continued Profitability | Build a sustainable business | Build our market reputation**

## Our Values

**'One Aspen Team, Creating Value'**

### Open Minded



"We keep an open mind and maximise potential"

### Do the Right Thing



"We do good by doing well"

### In it Together



"Together there is no challenge we can't overcome"

### Own it



"We all have a part to play in the success of Aspen"

### Innovate



"We have the courage to try new things and never stand still"

## Outcomes

**Always Learning**

**Inspiring Trust**

**Friendly Collaborative Environment**

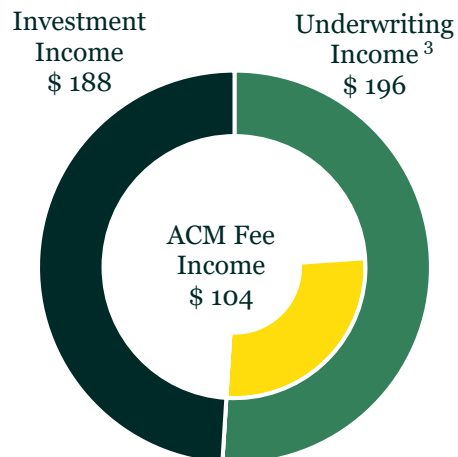
**Sustained Long Term Profitability**

**Entrepreneurial Spirit**

# Our Transformation in Key Financial Metrics

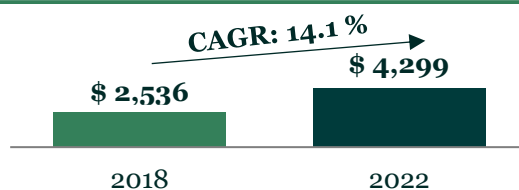
(\$ in millions, unless otherwise stated)

## Quality of Earnings Transformation

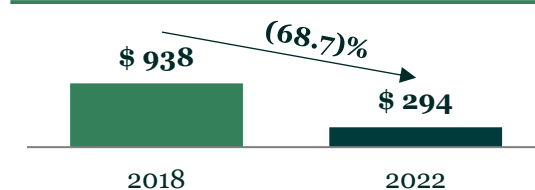


## Robust Premium Growth Combined with Reduction in Exposure

### GWP<sup>1</sup>

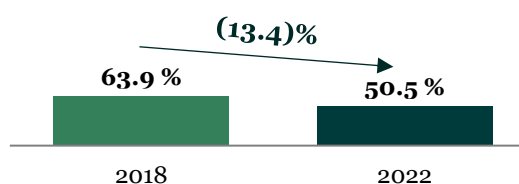


### 1-250 Net PML<sup>2</sup>

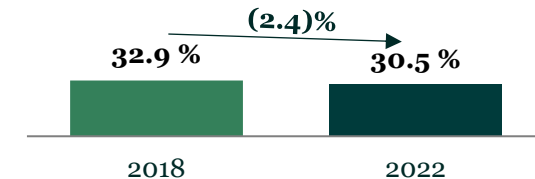


## Enhanced Underwriting and Operational Efficiency

### AY Ex. CAT Loss Ratio

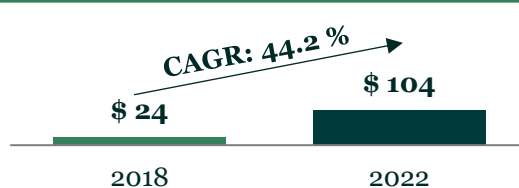


### Expense Ratio

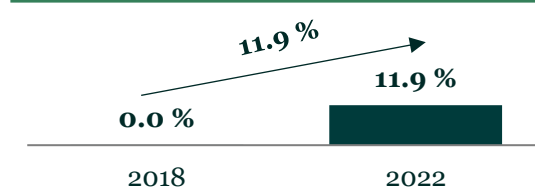


## Diversified Earnings and Gain in Profitability

### ACM Fee Income



### Adj. Operating ROE



<sup>1</sup> Represents Continuing premiums. <sup>2</sup> Occurrence Exceedance Probability PML for all perils worldwide at 1-Jan-2018 and 1-Jan-2023. <sup>3</sup> Underwriting Income includes other ACM income.



Delivering  
Sustainable Growth



# Uniquely Positioned to Deliver Value Creation

## 1 Niche Insurance Platform

- Focus on core lines with underwriting expertise and high barriers to entry
- Underwrite hard-to-place classes which require innate expertise

## 2 Opportunistic Reinsurance Franchise

- Repurposed platform to focus on market dislocation in specialty risks
- Limit net retained line sizes in property cat to mitigate overall volatility

## 3 Growth in Capital Markets Business

- ACM has grown ~45% since 2018, generating \$104m in fee income for 2022
- Significant flexibility to enhance and complement Aspen's trading relationships

## 4 Deep Trading Partner Relationships

- Seasoned relationships with key partners across core portfolio
- Diverse brokerage relationships beyond the "Big-3"; high quality partner

## 5 "Clean" Balance Sheet with Multiple Platforms to Support Growth

- "NewCo" 2020 balance sheet with advantage of scale and legacy relationships
- Multiple balance sheets to optimize allocation of risk

## 6 Strong Management Team to Drive Cultural Transformation

- Experienced management team composed of new hires and internal promotes
- Complete cultural transformation enables innovation and efficiency

1

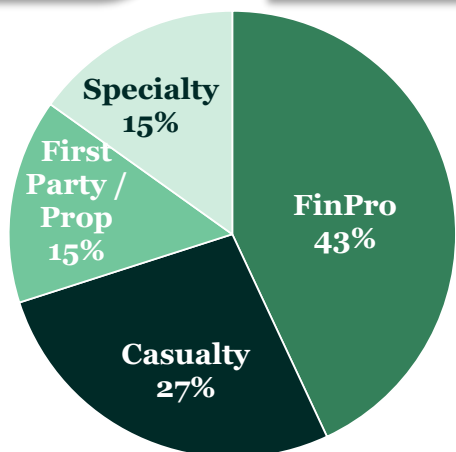
# Niche Focused Primary Insurance Platform

(\$ in millions, unless otherwise stated)

## Insurance Business Mix<sup>1</sup>

- Credit & Political Risk
- Crisis Management
- Specie
- Energy & Construction
- UK Regional Property

- Professional Liability
- Management Liability
- Cyber and Tech Liability



- Inland marine
- Ocean marine
- US property

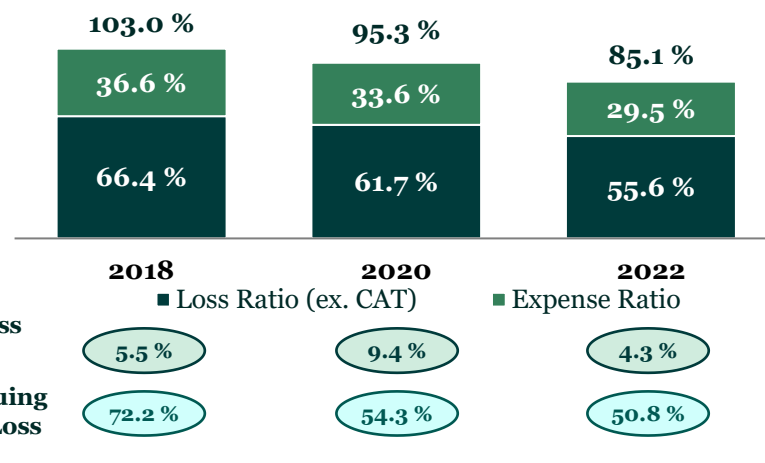
- Excess Casualty
- US Primary Casualty
- UK Liability and DUA

**2022 GWP: \$ 2,532 5y Continuing GWP CAGR: 13.0 %**

## Focus on Niche Lines Where Expertise Is Required

- ✓ Underwrites complex, niche classes of business with high barriers to entry
- ✓ Underwriters have deep, technical expertise supported by strong platform capabilities to provide innovative coordinated solutions to clients
- ✓ Repositioned portfolio to focus on lines with attractive profitability
- ✓ Efficient use of reinsurance programs, enables writing higher exposure policies while retaining limited risks

## Insurance AY Ex. CAT Net Combined Ratio

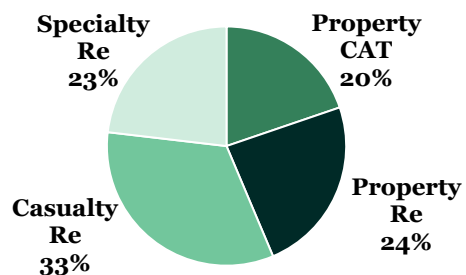


<sup>1</sup>Numbers represent 2022 GWP as percent of total. <sup>2</sup> AY, ex. CAT.

# Opportunistic Specialist Reinsurance Franchise

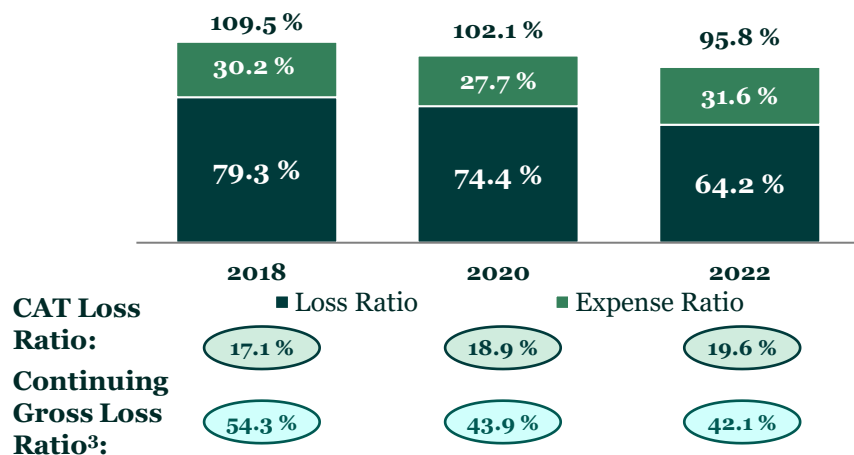
(\$ in millions, unless otherwise stated)

## Reinsurance Business Mix



2022 GWP: \$ 1,807 5-yr Continuing GWP CAGR: 16.4%

## Reinsurance AY Net Combined Ratio<sup>1</sup>



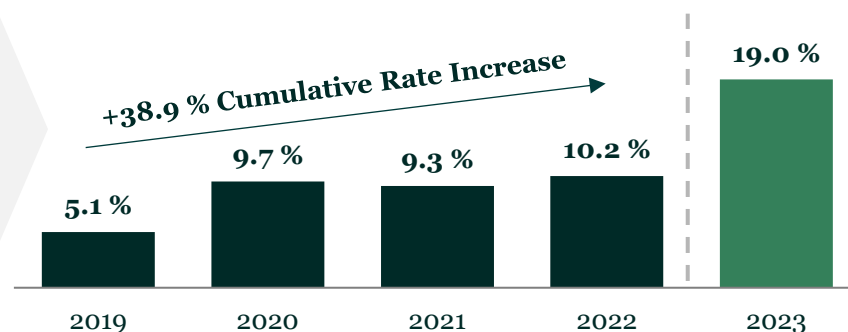
<sup>1</sup> Loss ratio includes CAT losses, and adjusts for the impact of LPT and changes in retroactive reinsurance. <sup>2</sup> 2023 figure represents actual year-over-year rate increase as of 31-Mar-2023. <sup>3</sup> AY, ex. CAT.

## Nimble Reinsurance Strategy

- ✓ Specialist reinsurer focused on core Aspen markets
- ✓ Positioned to benefit on market dislocations
- ✓ Modest lines to reduce severity from loss events
- ✓ Optimized CAT portfolio; higher risk-adjusted returns
- ✓ Market strength bolstered through deployment of ACM

## Market Discipline

### Rate Increase Over Time<sup>2</sup>



# Growing Fee-based Business via ACM

(\$ in millions, unless otherwise stated)



Sticky relationships and low turnover leads to consistent fee income for Aspen

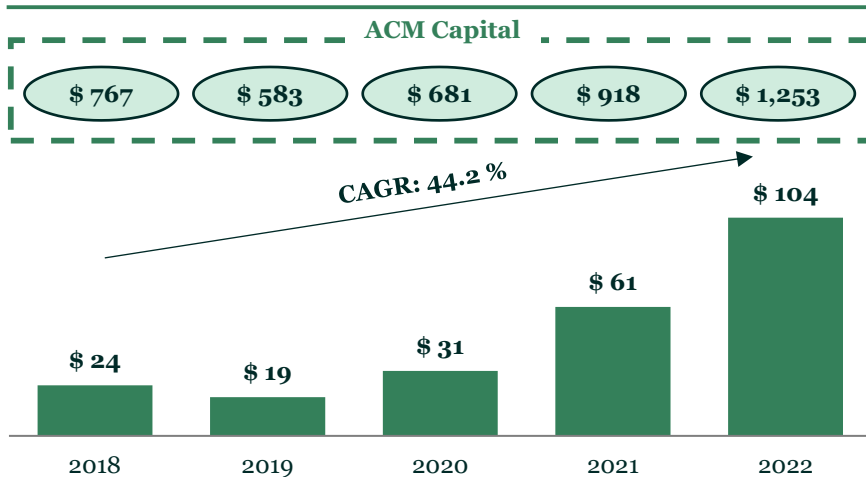


Serves as mechanism for natural de-risking to transfer risk from on-balance to off-balance sheet



Diversifies underwriting income with no capitalization required

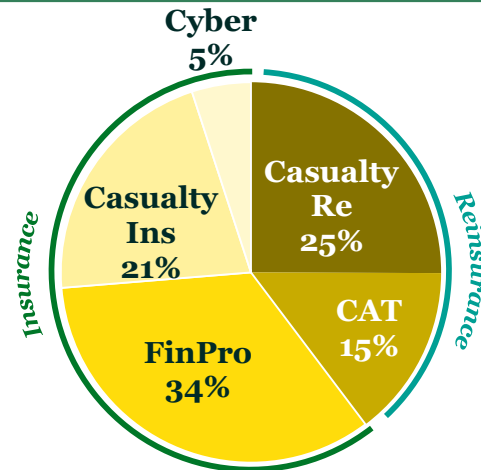
## ACM Experienced Significant Growth in the Past Few Years



## ACM Fee Income

- ✓ Innovation in both CAT and non-CAT
- ✓ A leader in non-CAT: 86% of Fee income is non-CAT
- ✓ Fourth year of having ILS capability for Cyber

## ACM is Highly Strategic to Aspen's Business



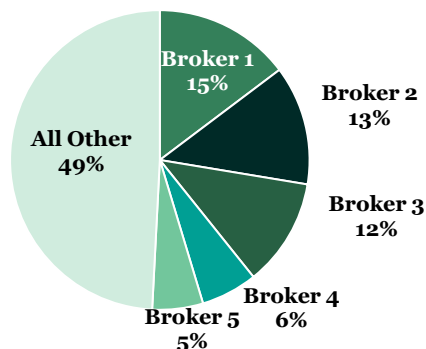
2022 Fee Income: \$104

- ✓ Capability to connect all lines of business to third party capital
- ✓ Opportunities to flex during cycles
- ✓ Enhances go-to-market strategy

# Deep Trading Partner Relationships

(\$ in millions, unless otherwise stated)

## Partners with Deep Understanding of Aspen's Insurance Business

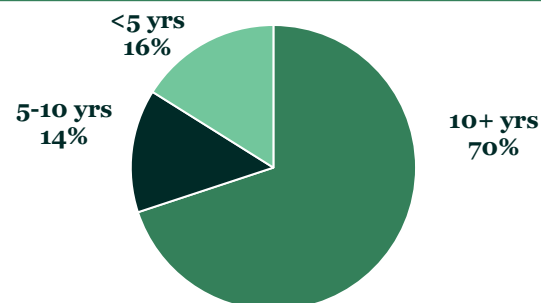


Partners Provide Access to Distinct Market Niches and Entry to Opportunistic Markets

### Insurance Distribution Strategy

- ✓ Focus on **limited, specialized distribution** amongst a group of long-standing partners
- ✓ **Distributors are experts** in their field and know Aspen's products and risk appetite
- ✓ **Maintain deep relationships** without being overly reliant upon 1-2 large partners
- ✓ **Flexibility across retail, wholesale and MGUs** to drive value

## Reinsurance & Longevity of Cedant Relationships



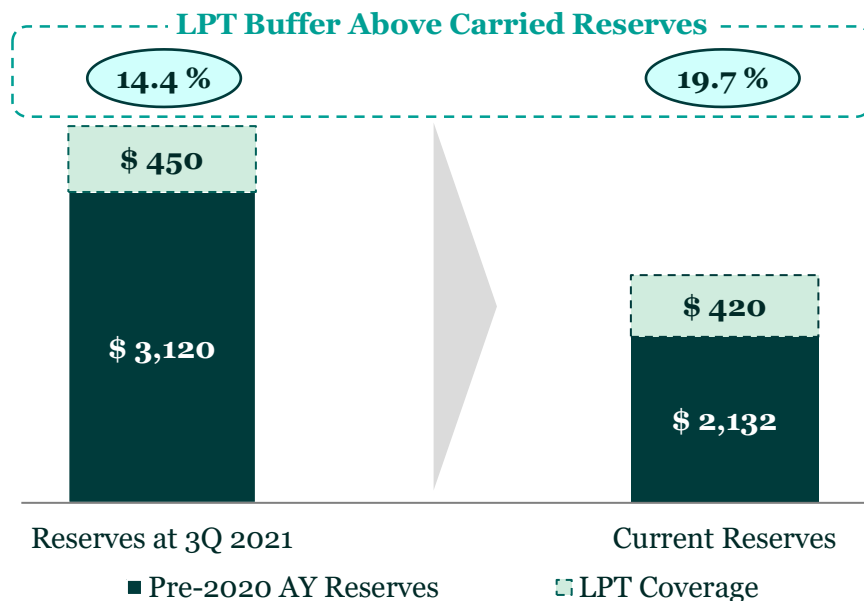
By Current Cedant Count

### Reinsurance Market Strategy

- ✓ **Long-standing partner** to key cedants for many years
- ✓ **Refined risk appetite** in property cat has not impacted broader reinsurance relationships
- ✓ Cedants understand Aspen's market appetite – and **view as a strong, reliant counterparty** in those markets
- ✓ **Well-connected** to all key reinsurance brokers

# LPT Facilitates “Clean” Balance Sheet Profile

## LPT Significantly Minimizes Balance Sheet Reserve Exposure Pre-2020 AYs



**Reserve Confidence level improved significantly from 2018 to 2022 (post LPT)**

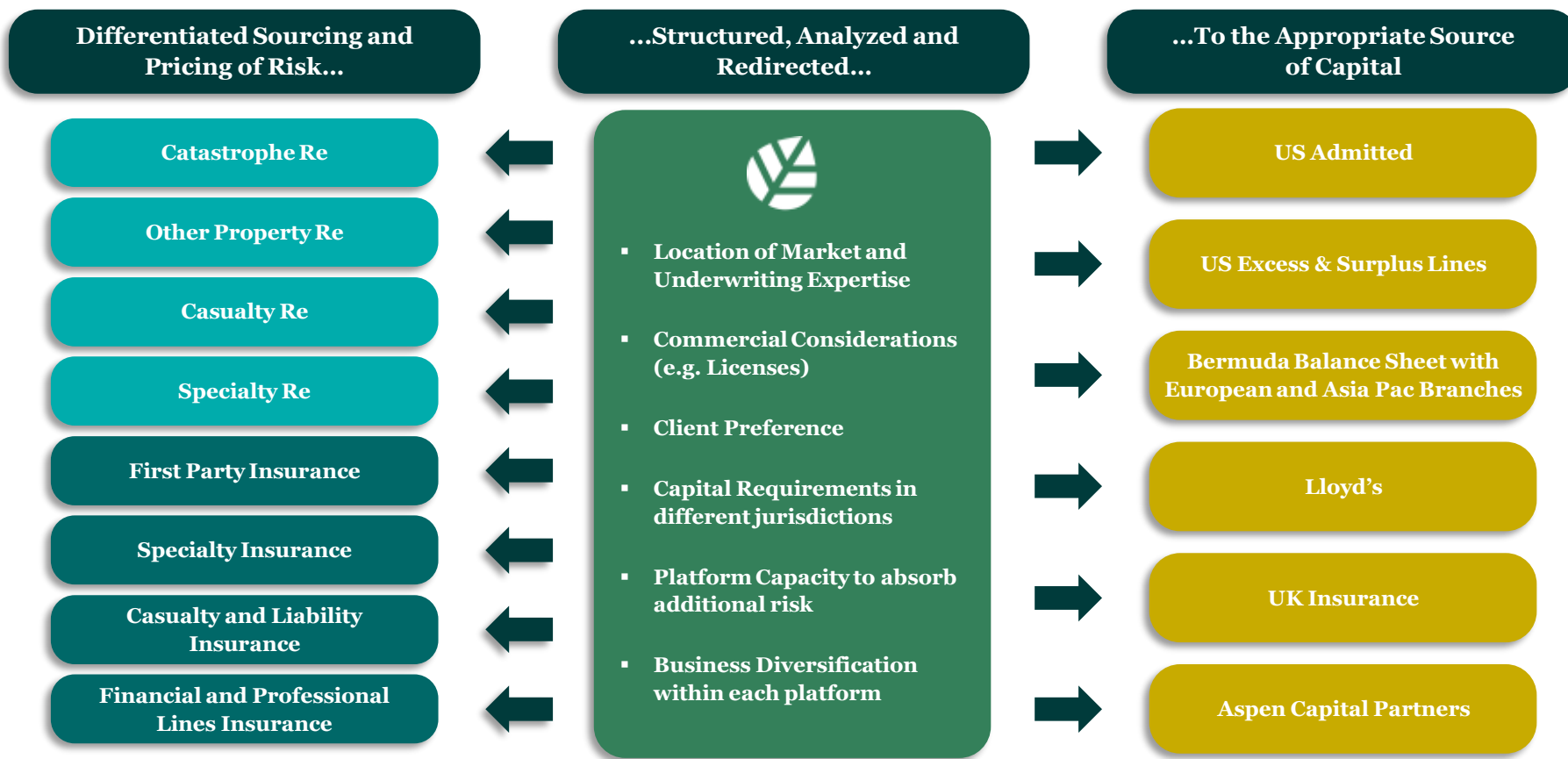
**LPT transaction effectively transforms Aspen into a NewCo with limited legacy balance sheet risk, full scale, and robust operations to capitalize on current market conditions**

## De-Risking Transaction

- ✓ Provided for **\$450mm of coverage** above pre-2020 AY carried reserves
- ✓ **Protects against the soft market pricing** of the 2014 - 2018 underwriting years that are now driving industry reserve deterioration
- ✓ **Protects against impacts of social and economic inflation** in the back-book
- ✓ Release capital against legacy reserves that can be deployed to **support growth in current hard market environment**

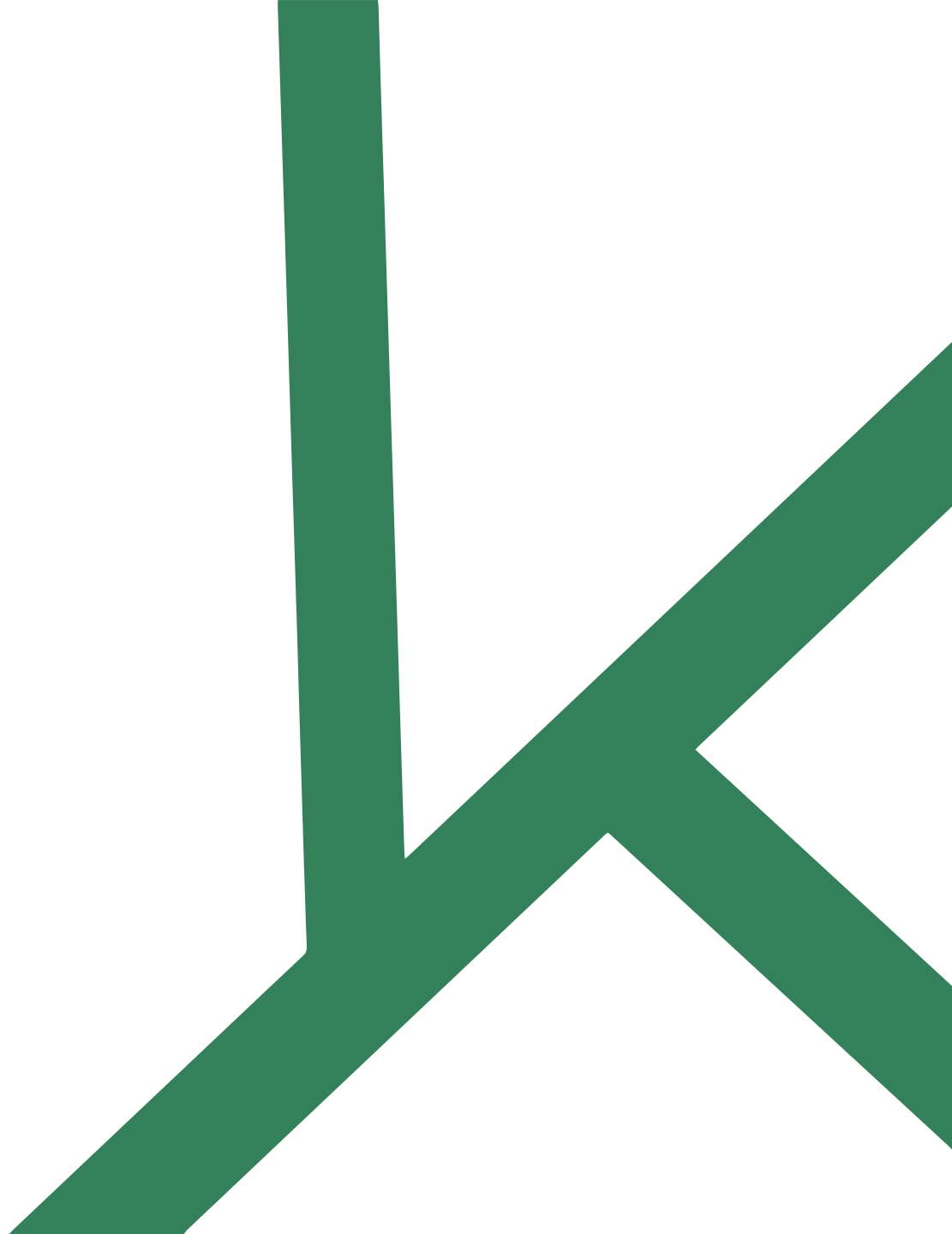
# Dynamic Capital Allocator with Multiple Platforms

Expertise in Major Classes of Specialty (Re)Insurance and Access to Major Capital Structures to Place Products





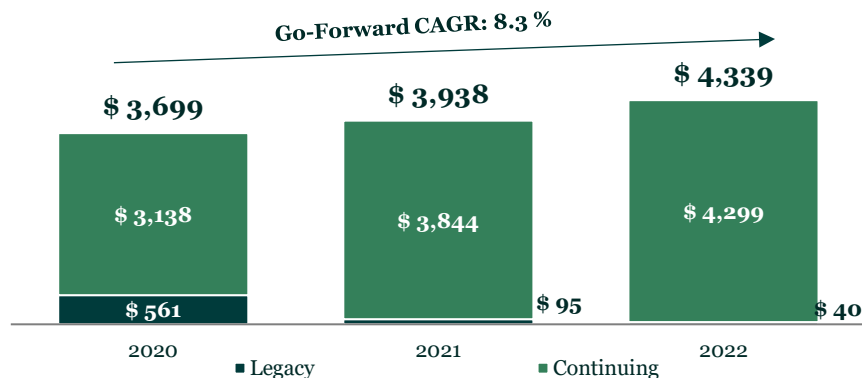
# Financial Highlights



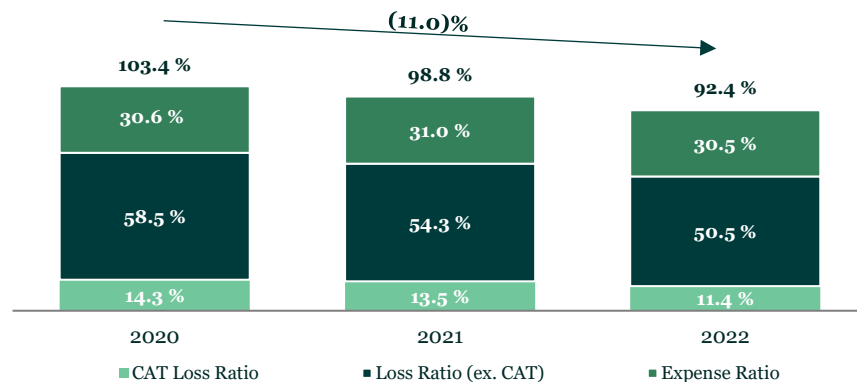
# Key Financial Highlights

(\$ in millions, unless otherwise stated)

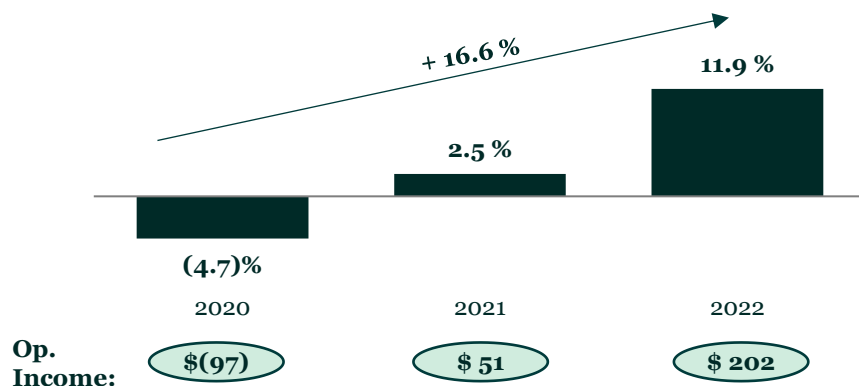
## Total Gross Written Premiums



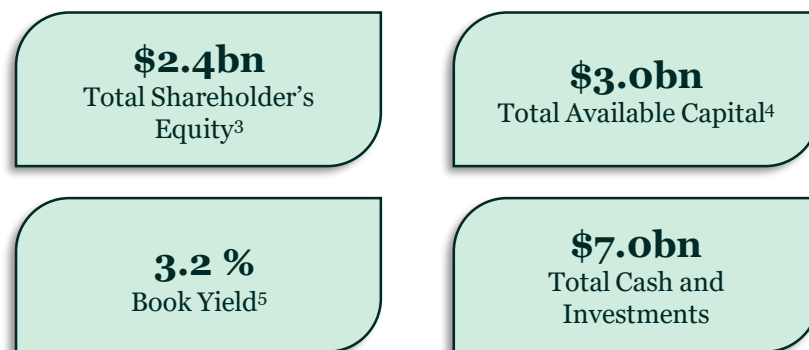
## Adj. Combined Ratio<sup>1</sup>



## Adj. Operating Return on Equity<sup>2</sup>



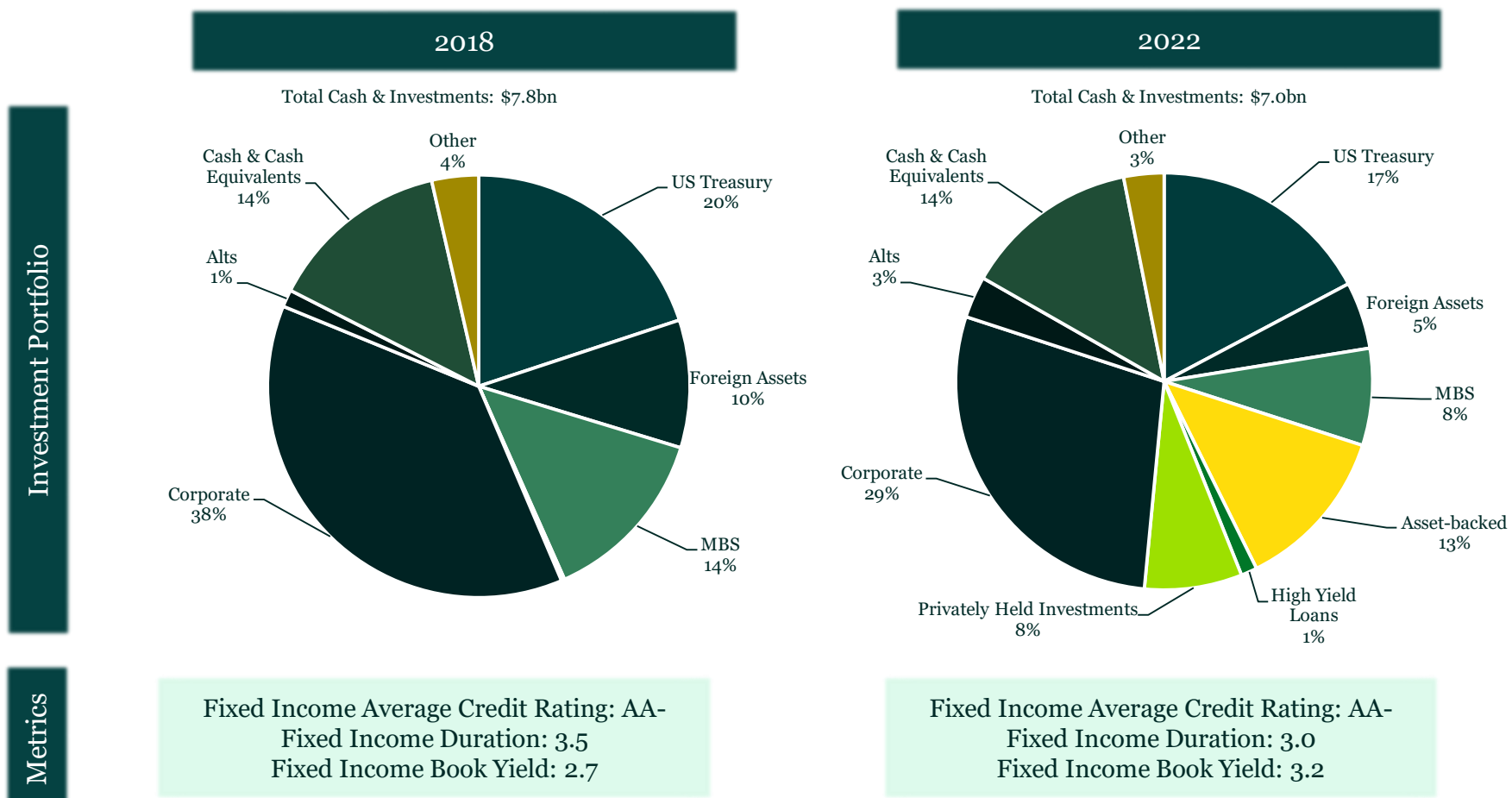
## Strong Financial Position



<sup>1</sup> Excludes impact of deferred gain and cost of Loss Portfolio Transfer ("LPT"). <sup>2</sup> Adjusted for preferred shares and NCI. <sup>3</sup> Includes \$775m of Preferred Equity.

<sup>4</sup> Incl. \$300m of senior debt. <sup>5</sup> Fixed income portfolio book yield.

# Enhanced Investment Approach



**Enhanced investment approach with greater expected returns through deploying into a broader range of asset classes**

Notes:

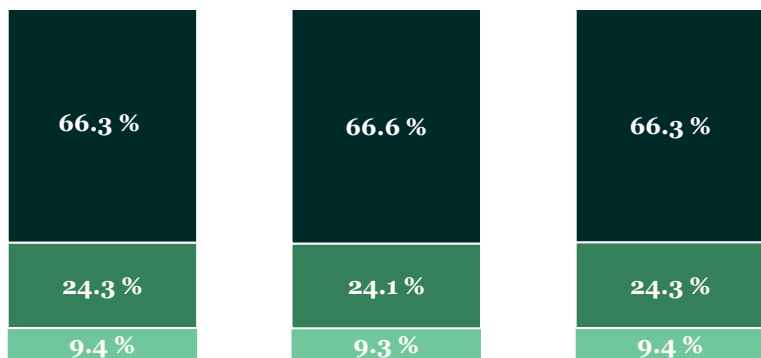
- Other Asset Class contains US Agency, Munis, ST Investments & Total Other Investments, Equity Method

# Efficient Capital Structure with Strong Capitalization

(\$ in millions, unless otherwise stated)

## Capital Structure

Preference shares provide efficient permanent capital



2020

2021

2022

■ Debt

■ Preferred

■ Equity (ex. AOCI)

**Group BMA  
BSCR<sup>1</sup>**

**Aspen YE  
2022**

**237%**

**BMA Target  
Level**

**120%**



**Ratings  
Profile**

**AM Best Rating: A**

**S&P Rating: A-**

**Outlook: Stable**



**Strong  
Liquidity**

**Cash and Cash Equivalents: ~\$1bn**

**Unutilized Group Revolver: \$ 300**

**Unutilized FHLB Facility: \$ 364**

<sup>1</sup> Bermuda Solvency Capital Requirement.

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**MEDIA & IR ENQUIRIES**

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