



Ironshore Overview December 2009

Ironshore:

- Ironshore started operations in January 2007 in Bermuda.
- It was founded by Bob Clements with \$1 billion in private equity capital.
- Ironshore launched US operations in May 2007 and purchased Pembroke to underwrite at Lloyd's from January of 2009.
- Underwriting and claims/operations are in: Bermuda, Canada, UK, and USA (16 offices).
- Kevin Kelley was appointed Group CEO at the end of 2008.
- Global Staff: 350

Surplus:

- Ironshore's current surplus (post the recent \$300m capital raise) is \$1.377 billion.

A.M. Best Rating Outlook:

- Ironshore has an A.M. Best rating of A- (excellent) and a Financial Size Category (FSC) XI. This Financial size category does not reflect Ironshore's recent \$300m capital raise and is expected to increase at the next review period to a FSC XIII rating.
- Ironshore's US companies carry a 'g' modifier, or Group rating, from A.M. Best, therefore, all the Ironshore subsidiaries carry the Financial Size Category of the combined entity. The group rating is assigned to subsidiaries deemed to be integral to the group's strategy and ongoing success and are fully integrated into the group's strategic plan.
- As a startup, A.M. Best applies a stringent set of standards and the stress-tested capitalization must conservatively support the rating throughout the business plan. Ironshore is required to maintain risk adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) above the minimum score for an A++ rated company in order to maintain an A-. Ironshore currently exceeds the minimum BCAR threshold for an A++ rating. The current internally calculated BCAR year-end estimate is above the 2008 Median BCAR Score for A++ (Superior) US Property and Casualty companies.

U.S. Property/Casualty – BCAR Score by Rating Category (2008)

Rating Category	Typical BCAR Guideline	2008 Median BCAR Score	Rating Units (#)	% of Total Rating Units
A++ (Superior)	175.0	263.8	15	1.7
A+ (Superior)	160.0	272.7	75	8.4
A (Excellent)	145.0	261.5	234	26.1
A- (Excellent)	130.0	230.7	296	33.1
B++ (Good)	115.0	212.0	123	13.7
B+ (Good)	100.0	168.5	84	9.4
Vulnerable		111.8	68	7.6
Overall P/C Industry		228.2	895	100.0

Source:  BestLink

- In their April 2009 ratings affirmation, prior to the Ironshore \$300m capital increase, A.M. Best commented, "...the business profile of the group, a key component of the ratings process, has been enhanced by the diversification into lines of business not correlated with the company's property book of business. The outlook reflects A.M. Best's expectation that Ironshore's performance will benefit from a favorable rate environment in most targeted lines of business and capital will be managed prudently."

Board Composition:

- Ironshore's Board of Directors includes 6 major private equity firms who are large investors in Ironshore.
- Ironshore recently raised \$300m of private equity capital of which \$200m came from GTCR.
- Board members include senior PE investors from: Irving Place Capital, Calera, Corporate Partners, GTCR, Greenhill Capital, and TowerBrook, in addition to industry experts Bob Clements and John Clements, Russ John, and Ron Sandler, former Lloyd's CEO.

Financial highlights:

Income Statement and growth strategy:

- Ironshore wrote \$317m GWP in 2007; \$383m GWP in 2008; and is forecasting to write more than double this GWP in 2009.
- Gross Written Premiums in the first nine months of 2009 were \$574m with a combined ratio of 91.1%.
- The focus of underwriting is to build a competitive advantage to its peer group through:
 - Risk diversification with industry leading underwriting teams across a variety of specialty property and casualty classes.
 - Establishment of US regional and local offices to place Ironshore geographically close to its customer and enable strong local broker distribution relationships.
 - Growth of the US Casualty and Lloyd's business to reduce the reliance on Property insurance.
 - Development of the Lloyd's platform and expansion in UK/European markets.
 - Use of reinsurance to achieve consistent high quality earnings power and temper volatility.
- Diverse splits of GWP coming from: 36% Bermuda; 48% US, and 16% UK.

Income Statement and growth strategy:

- Ironshore's investment portfolio consists of over 50% of securities that are government guaranteed or invested in entities sponsored by the government.
- There are no hedge funds, derivatives, alternative assets, equities, preferred shares or convertible shares in the portfolio.
- The duration of the portfolio is below 2.0 years and reflects a conservative approach to investments with solid liquidity. As a comparison many competitors have longer durations of 3.0 to 4.0 years and are more exposed to volatility in portfolio value.

Company Structure:

- Ironshore has multiple operating platforms in Bermuda, the US and the UK. Ironshore also has an E&S and Admitted company in the US (Ironshore Specialty Insurance Company and Ironshore Indemnity Inc.).



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