



Endurance Specialty Holdings

Investor Presentation

March 31, 2014

Forward looking statements & regulation G disclaimer

Safe Harbor for Forward Looking Statements

Some of the statements in this presentation may include forward-looking statements which reflect our current views with respect to future events and financial performance. Such statements include forward-looking statements both with respect to us in general and the insurance and reinsurance sectors specifically, both as to underwriting and investment matters. Statements which include the words "should," "expect," "intend," "plan," "believe," "project," "anticipate," "seek," "will," and similar statements of a future or forward-looking nature identify forward-looking statements in this presentation for purposes of the U.S. federal securities laws or otherwise. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the Private Securities Litigation Reform Act of 1995.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or may be important factors that could cause actual results to differ materially from those indicated in the forward-looking statements. These factors include, but are not limited to, the effects of competitors' pricing policies, greater frequency or severity of claims and loss activity, changes in market conditions in the agriculture insurance industry, termination of or changes in the terms of the U.S. multiple peril crop insurance program, a decreased demand for property and casualty insurance or reinsurance, changes in the availability, cost or quality of reinsurance or retrocessional coverage, our inability to renew business previously underwritten or acquired, our inability to maintain our applicable financial strength ratings, our inability to effectively integrate acquired operations, uncertainties in our reserving process, changes to our tax status, changes in insurance regulations, reduced acceptance of our existing or new products and services, a loss of business from and credit risk related to our broker counterparties, assessments for high risk or otherwise uninsured individuals, possible terrorism or the outbreak of war, a loss of key personnel, political conditions, changes in insurance regulation, changes in accounting policies, our investment performance, the valuation of our invested assets, a breach of our investment guidelines, the unavailability of capital in the future, developments in the world's financial and capital markets and our access to such markets, government intervention in the insurance and reinsurance industry, illiquidity in the credit markets, changes in general economic conditions and other factors described in our most recently filed Annual Report on Form 10-K.

Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation publicly to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Regulation G Disclaimer

In presenting the Company's results, management has included and discussed certain non-GAAP measures. Management believes that these non-GAAP measures, which may be defined differently by other companies, better explain the Company's results of operations in a manner that allows for a more complete understanding of the underlying trends in the Company's business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP. For a complete description of non-GAAP measures and reconciliations, please review the Investor Financial Supplement on our web site at www.endurance.bm.

The combined ratio is the sum of the loss, acquisition expense and general and administrative expense ratios. Endurance presents the combined ratio as a measure that is commonly recognized as a standard of performance by investors, analysts, rating agencies and other users of its financial information. The combined ratio, excluding prior year net loss reserve development, enables investors, analysts, rating agencies and other users of its financial information to more easily analyze Endurance's results of underwriting activities in a manner similar to how management analyzes Endurance's underlying business performance. The combined ratio, excluding prior year net loss reserve development, should not be viewed as a substitute for the combined ratio.

Net premiums written is a non-GAAP internal performance measure used by Endurance in the management of its operations. Net premiums written represents net premiums written and deposit premiums, which are premiums on contracts that are deemed as either transferring only significant timing risk or transferring only significant underwriting risk and thus are required to be accounted for under GAAP as deposits. Endurance believes these amounts are significant to its business and underwriting process and excluding them distorts the analysis of its premium trends. In addition to presenting gross premiums written determined in accordance with GAAP, Endurance believes that net premiums written enables investors, analysts, rating agencies and other users of its financial information to more easily analyze Endurance's results of underwriting activities in a manner similar to how management analyzes Endurance's underlying business performance. Net premiums written should not be viewed as a substitute for gross premiums written determined in accordance with GAAP.

Return on Average Equity (ROAE) is comprised using the average common equity calculated as the arithmetic average of the beginning and ending common equity balances for stated periods. Return on Beginning Equity (ROBE) is comprised using the beginning common equity for stated periods. The Company presents various measures of Return on Equity that are commonly recognized as a standard of performance by investors, analysts, rating agencies and other users of its financial information.

Endurance Has Strong Foundation to Build on

Strong balance sheet, diversified portfolio and robust infrastructure

Strong Balance Sheet and Capital

- “A” ratings from AM Best and S&P
- \$3.5 billion of total capital
- Conservative, short-duration, AA-rated investment portfolio
- Prudent reserves
- Diversified and efficient capital structure
- Since inception, returned \$2.0 billion to investors through dividends and share repurchases

Diversified Portfolio of Businesses

- Portfolio of approximately \$2.6 billion in annual gross premiums written
- Book of business diversified between insurance and reinsurance as well as short tail and long tail lines of business
- Proven leader in U.S. agriculture insurance business
- Focus on specialty lines of business, with industry-leading talent

Strategic Initiatives

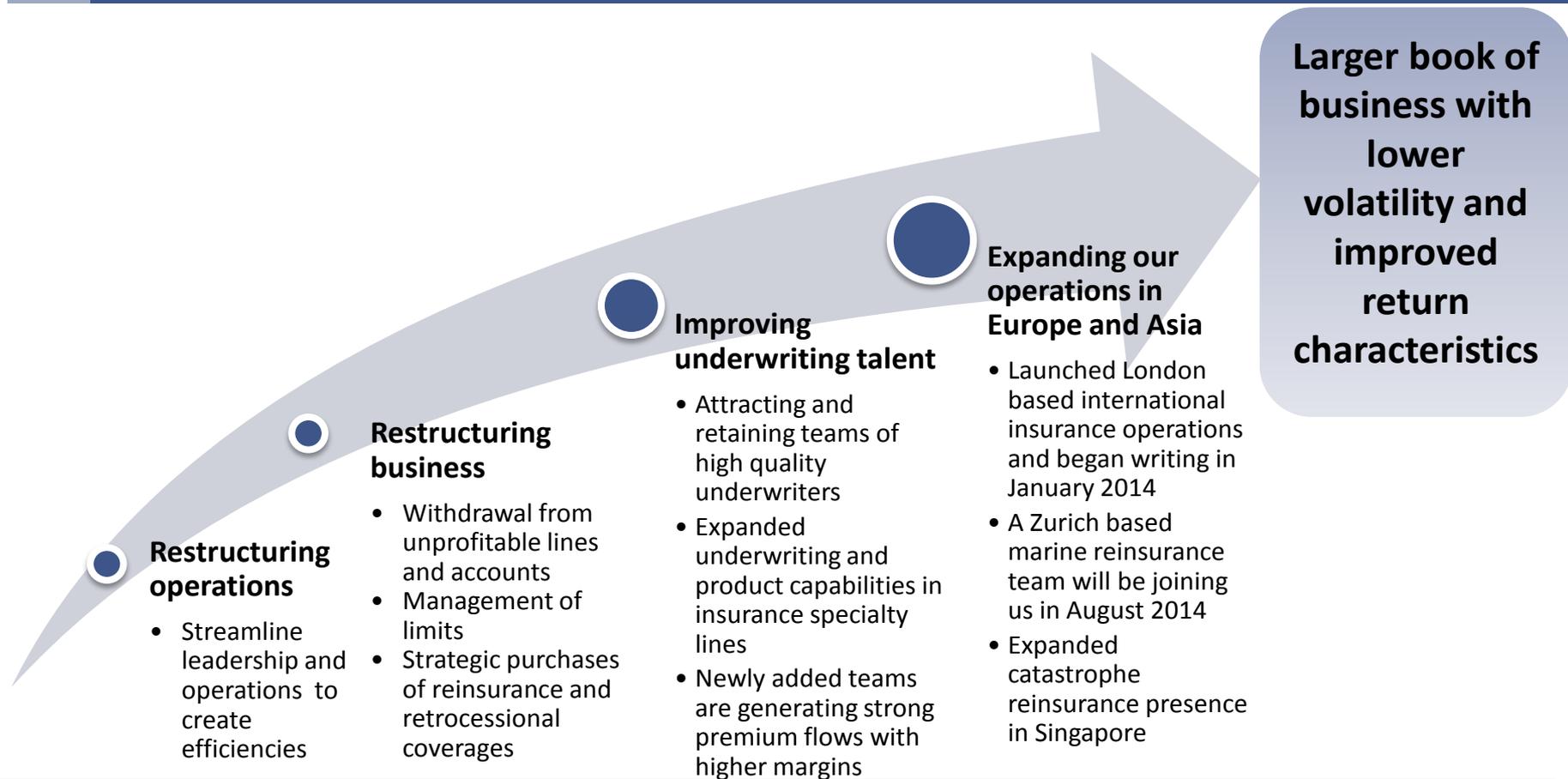
- Substantially expanded global underwriting and leadership talent
- Optimized balance of insurance and reinsurance portfolios to lower volatility and improve profitability
- Streamlined support operations to generate significant savings to fund underwriting additions
- Improved financial results reflect recent actions

Strong and seasoned franchise

- Inception to date operating ROE of 11.1%
- 10 year book value per share plus dividends CAGR of 10.3%
- Continuous improvement in performance and market positioning

We Are Transforming Our Specialty Insurance and Reinsurance Businesses

Rebalancing our insurance and reinsurance portfolios while expanding our global underwriting talent to enhance our positioning and relevance in the market



We will continue to invest in our operations through additions of acknowledged market leaders as well as expanded global underwriting talent. Our goal is to produce a more consistent level of profitability while reducing volatility in order to deliver excellent sustainable results for our shareholders.

Specialty Insurance Strategic Direction

Expanding underwriting talent, refocusing our underwriting, rebalancing our portfolio and improving positioning and relevance in the market

Significantly enhancing the leadership team

- **Jack Kuhn**
CEO , Global Insurance
- **Graham Evans**
EVP & Head of International Insurance
- **Doug Worman**
EVP & Head of U.S. Insurance
- **Richard Allen**
EVP & Head of Professional Lines
- **Richard Housley**
EVP & General Manager of London Insurance
- **Cliff Easton**
EVP & Global Head of Energy

Opened an insurance office in London in 2014

- Initial products include:
- Energy
 - Property
 - Professional Lines
 - Misc. commercial classes
 - Fin. institutions

Meaningfully expanded our underwriting abilities in 2013

- Inland marine
- Excess casualty (E&S and retail)
- Ocean marine
- Numerous professional line underwriters
 - Misc. commercial classes
 - Financial institutions
 - Lawyers
- Commercial management liability
- Surety
- Healthcare

Increased Market Presence and Diversity

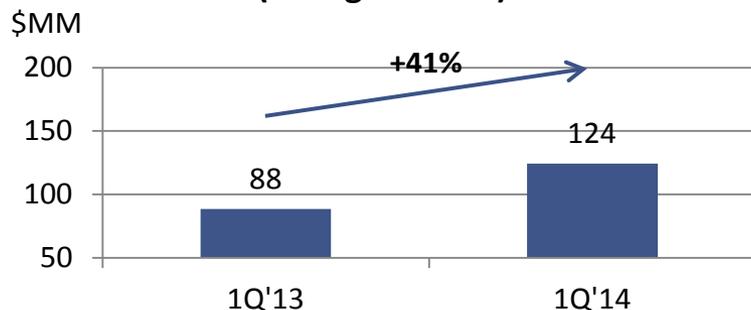
Endurance Has an Attractive and Growing Specialty Insurance Franchise

Two pillars of a unique insurance platform with demonstrated improvement across specialty lines to complement market-leading Agriculture franchise

Enhanced Specialty Insurance Franchise

- Significant and tangible improvements in 2013 to increase market presence and diversity
 - Attracted and retained teams of high quality underwriters
 - Expanded underwriting and product capabilities
 - Withdrew from unprofitable lines

Insurance GPW (ex. Agriculture)



Established Market Leader in Agriculture

- ARMtech is a top 5 player in the attractive multi peril crop insurance (MPCI) market
 - Favorable market dynamics with only 17 licensed companies in 2013
 - Federal government sponsored reinsurance and loss sharing mitigates downside risk
 - Newly passed Federal Farm Bill provides stability going forward
 - Not correlated with broader P&C market
- Attractive market characteristics
 - Historic average combined ratio less than 90%⁽¹⁾
 - High risk adjusted returns

Insurance Segment Has Generated Approximately \$200 Million of Underwriting Profits Since Inception With a Combined Ratio of 97%

Reinsurance Strategic Direction

Enhancing profitability by recruiting top flight underwriting talent, developing strategic partnerships with key clients and brokers, and improving underwriting and risk selection

Demonstrated Track Record of Profitability

- Reinsurance business has a demonstrated track record of profitability
 - Over \$1.1 billion of net written premiums and combined ratio of 77% in 2013
 - Generated over \$1 billion of underwriting profits with a combined ratio of 91.5% since inception

Strategic Priorities for Global Reinsurance

- Improve profitability and consistency of results through enhanced market presence, improved underwriting and risk selection
 - Hired Jerome Faure in March 2013 as CEO of Global Reinsurance
 - Completed the consolidation of European reinsurance underwriting in Zurich
 - Focus on profitable growth and diversification through existing and new specialty reinsurance units
- Manage volatility through improved portfolio management and opportunistic retrocessional purchases
- Eliminate substandard businesses with insufficient margins



Recent Key Hires

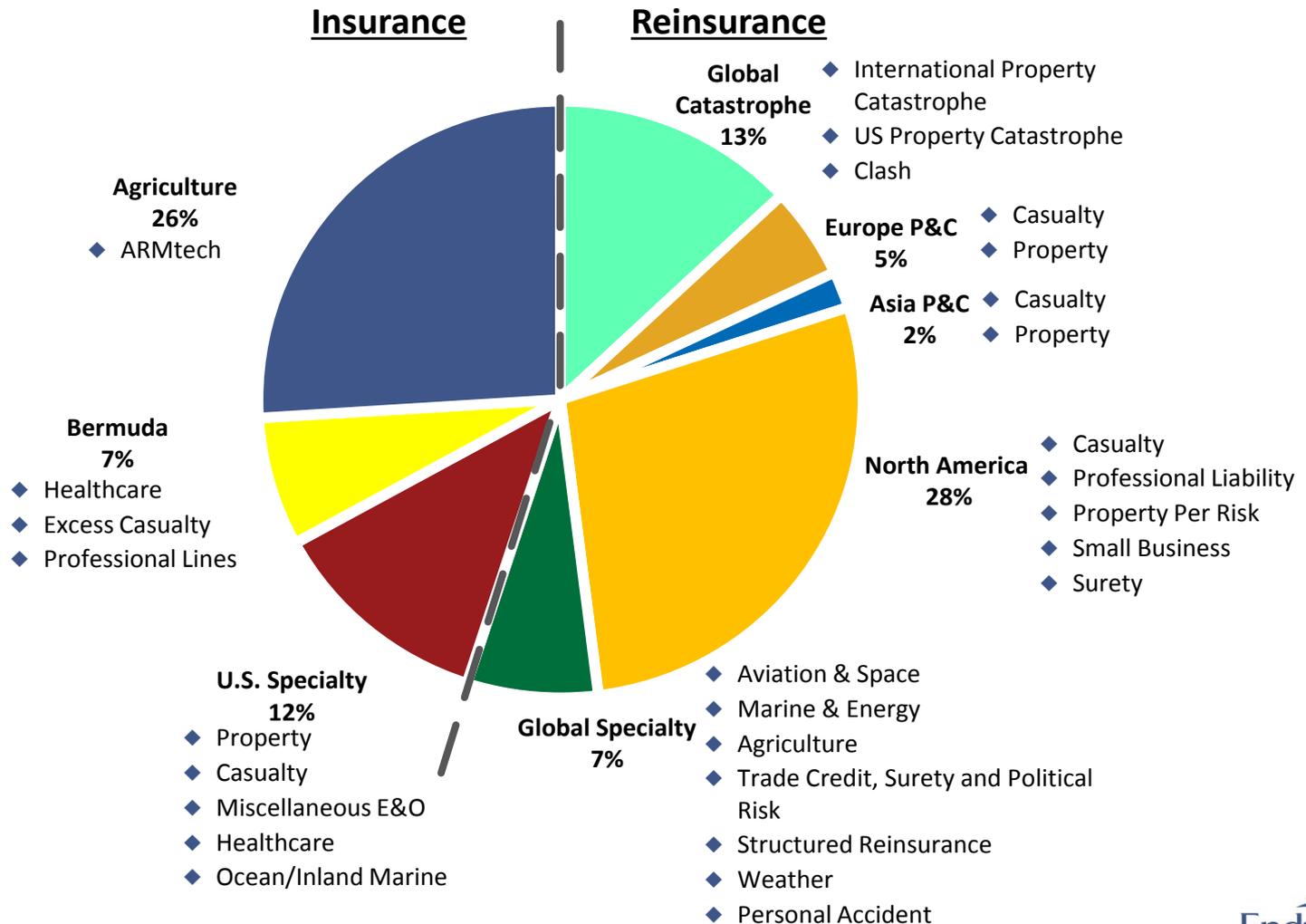
- Third quarter 2012 additions
 - Engineering Risk Underwriter
 - Trade Credit and Surety Team
 - Global Weather Unit
- August 2013 – Hired Peter Mills, Head of Global Specialty & Europe P&C Reinsurance
- October 2013 – Hired Chris Donelan, Head of U.S. Reinsurance and team of underwriters
- January 2014 – Hired Marine Reinsurance Team based in Zurich (starting in August 2014)

Reinsurance Segment is Focusing on Growing Profitable Specialty Lines of Business With Less Volatile Exposures

Diversified Portfolio of Businesses

Portfolio diversified by product, distribution source and geography

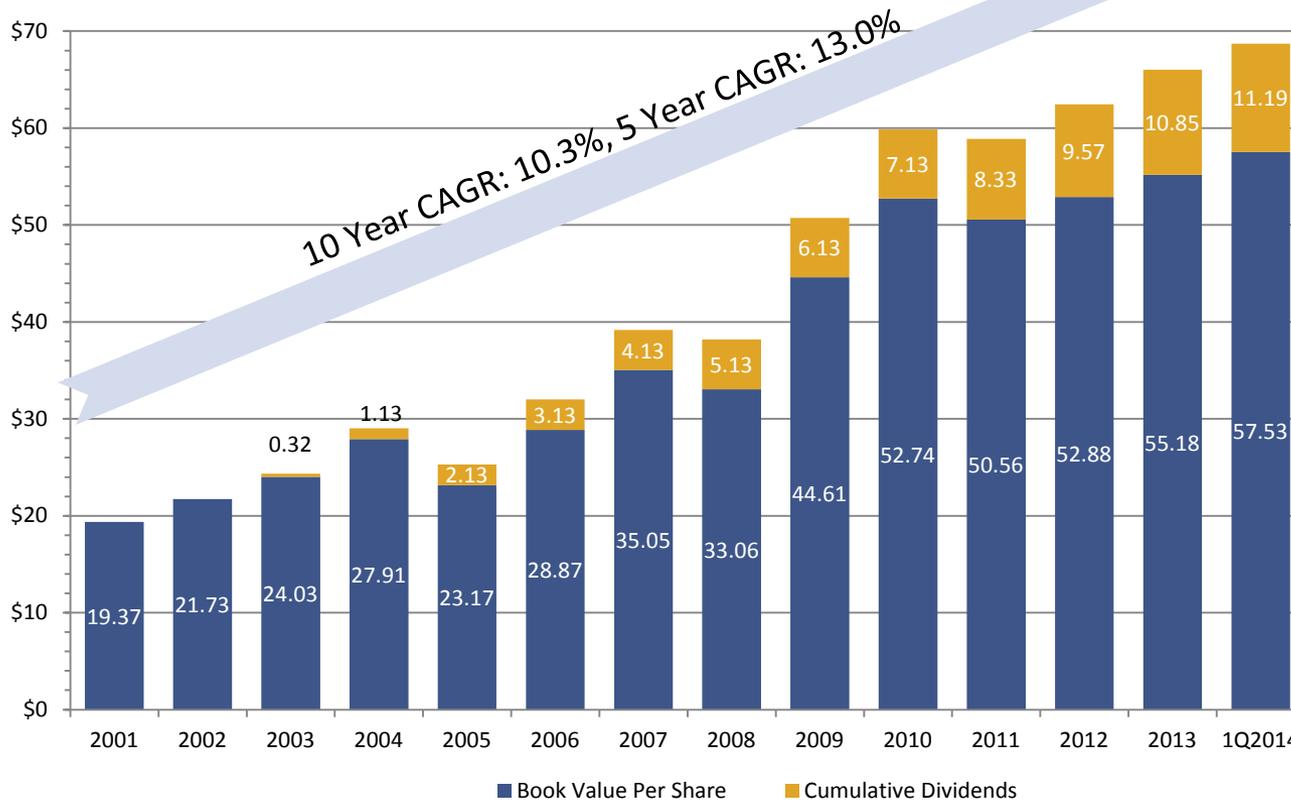
Trailing Twelve Months Net Premiums Written as of March 31, 2014: \$1.9 Billion



Endurance's Financial Results

Diluted book value per common share has grown strongly in absolute terms

Growth in Diluted Book Value Per Common Share (\$)
From December 31, 2001 – March 31, 2014



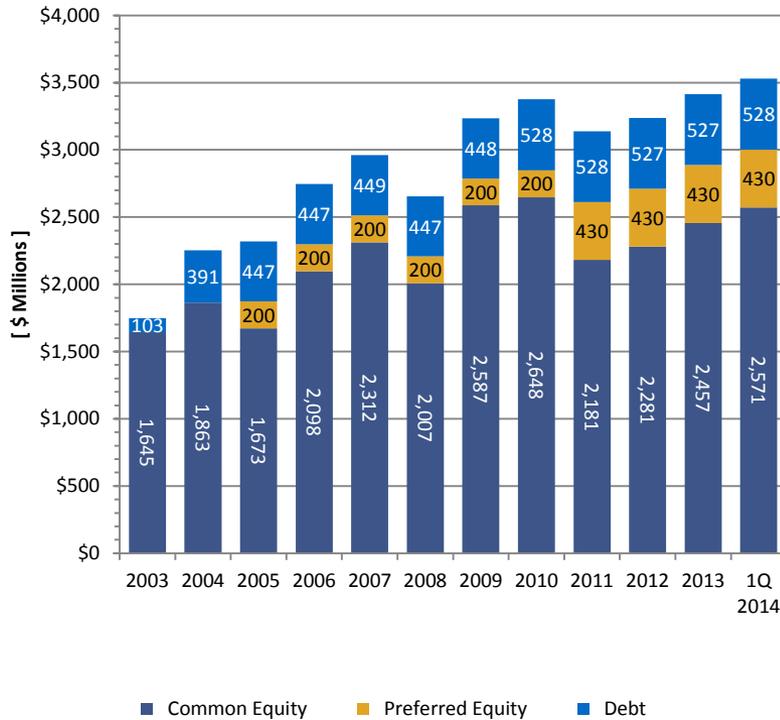
Significant Impacts to Book Value

- 2005 – Hurricanes Katrina, Rita and Wilma
- 2008 – Credit crisis and related impact of marking assets to market
- 2011 – High frequency of global catastrophes
- 2012 – Superstorm Sandy and Midwest drought

Growing and Diversified Capital Base

Organically generated capital will support current global growth initiatives

Endurance has a Diversified and Growing Capital Base



\$2.0 Billion of Capital Cumulatively Returned to Shareholders

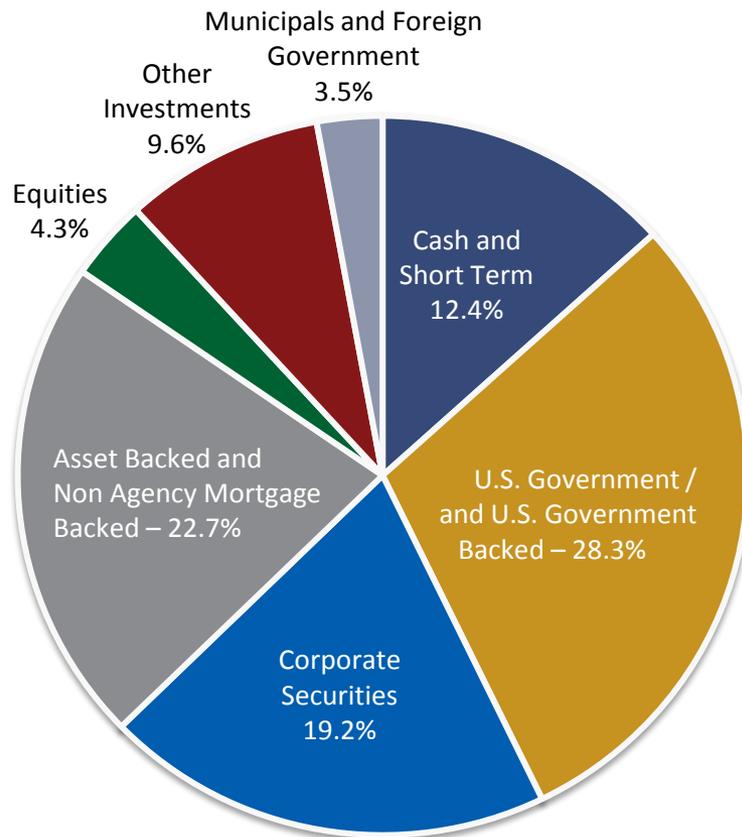


Endurance has proven its ability to generate capital which has allowed for the return to its shareholders of \$2.0 billion through share repurchases and dividends while also supporting organic growth. More recently, our capital levels have grown while we have also shrunk our net catastrophe exposures. The additional available capital can be used to fund global growth opportunities.

Strong Balance Sheet

Endurance maintains a high quality, short duration investment portfolio

\$6.5 Billion Investment Portfolio at March 31, 2014



Investment Portfolio Highlights

- Fixed maturity portfolio duration is 2.9 years in order to balance investment yield and interest rate risk
- Investment quality (AA- average) has remained high as the portfolio is conservatively managed in a challenging economy
 - 40.7% of investments are cash/short term or US backed
 - Minimal exposure to sovereign debt or bank debt of European peripheral countries
- Increased allocations to equities and alternatives to diversify portfolio and reduce interest rate risk
- Other investments of \$621.9 million consist of alternative funds (74.5%) and specialty funds (25.5%)
 - Alternative funds include hedge funds and private equity funds
 - Specialty funds include high yield loan and convertible debt funds

Conclusion

Endurance is a compelling investment opportunity

- Endurance is undergoing a fundamental transformation
 - John Charman joined Endurance in late May 2013 as Chairman and CEO
 - Over the last 18 months, Jack Kuhn and Jerome Faure have joined the company as CEOs of our insurance and reinsurance operations to build and expand our global specialty insurance and reinsurance capabilities
 - They have meaningfully expanded the global leadership and underwriting expertise within their segments
 - Rebalancing the insurance and reinsurance portfolios to lower volatility and improve profitability
 - Benefits are emerging in the 4th quarter of 2013 and 1st quarter of 2014
 - In July 2013, completed cost savings initiatives which reduced the number of senior corporate executives by 30% and created annual cost savings of approximately \$20 million which has helped to fund the necessary build out and expansion of our underwriting businesses
- Endurance maintains excellent balance sheet strength and liquidity
 - High quality investment portfolio; fixed maturity investments have an average credit quality of AA-
 - Prudent reserving philosophy and strong reserve position; strong history of favorable development
 - Capital levels meaningfully exceed rating agency minimums, providing support for growth
- The outlook for Endurance's book of business remains attractive
 - Adding specialty underwriting talent
 - Actively reduced portfolio volatility through management of exposures and reinsurance purchases
 - Global geographic expansion of our specialty insurance franchise



Appendix





Overview of ARMtech

Overview of ARMtech

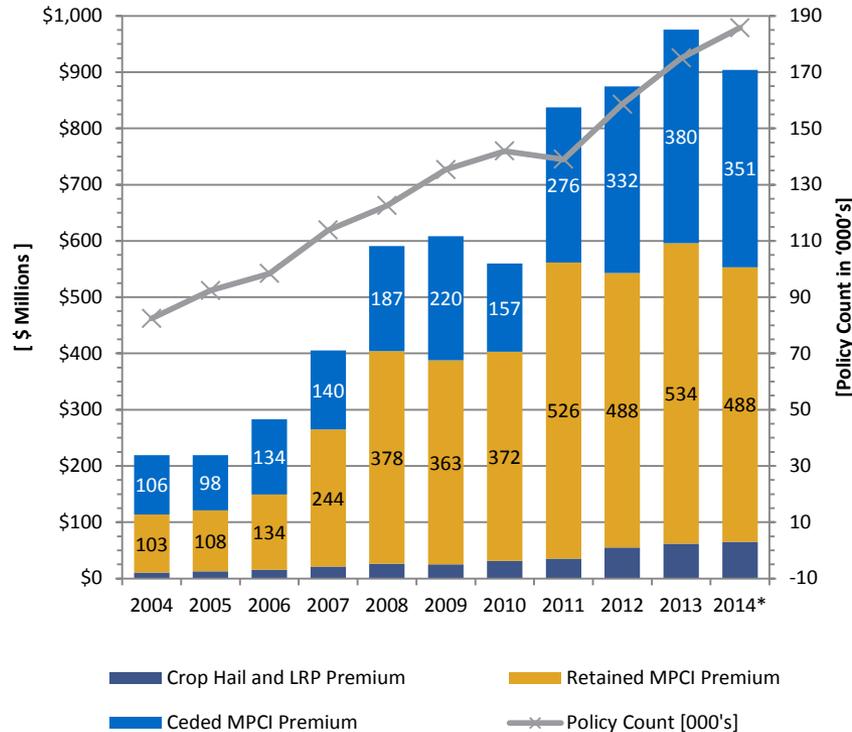
ARMtech has been a strong contributor to Endurance since its acquisition

- Multi Peril Crop Insurance (MPCI) is an insurance product regulated by the USDA that provides farmers with yield or revenue protection
 - Offered by 18 licensed companies
 - Pricing is set by the government and agent compensation limits are also imposed - no pricing cycle exists
 - Reduced downside risks due to Federally sponsored reinsurance and loss sharing
 - Agriculture insurance provides strong return potential, diversification in Endurance's portfolio of (re)insurance risks and is an efficient user of capital
- ARMtech is a leading specialty crop insurance business
 - Approximate 8% market share in MPCI (with estimated 186,000 total agriculture policies in force) and is 5th largest of 18 MPCI industry participants
 - MPCI 2014 crop year* estimated gross written premiums of \$839 million
 - Portfolio is well diversified by geography and by crop
- ARMtech was founded by software developers and has maintained a strong focus on providing industry leading service through leveraging technology
- Endurance purchased ARMtech in December 2007 at a purchase price of approximately \$125 million
 - ARMtech has grown MPCI policy count by 53.6% since 2007

ARMtech is a Leader in the Crop Insurance Space

ARMtech's focus on technology and service has allowed it to steadily grow its business

Written Premiums and Policy Counts by Crop Year



Using technology and service to expand premiums

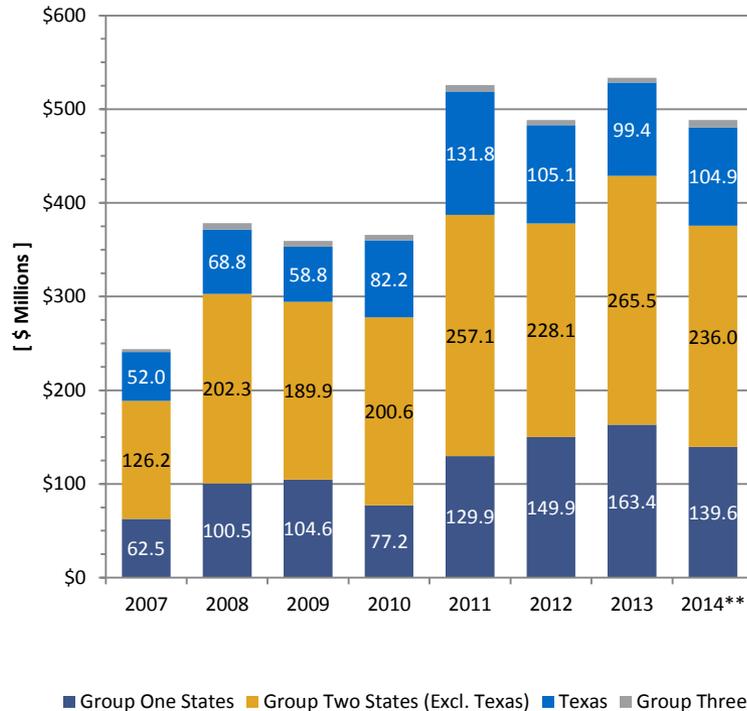
- ARMtech has built a market leading specialty crop insurance business through its focus on offering excellent service supported by industry leading technology.
- MPCl policy count has grown 53.6% over the past seven years in a line of business not subject to the property/casualty pricing cycle.
- ARMtech is a leader in using technology to deliver high quality service and to satisfy the intense compliance and documentation standards imposed on the industry by the U.S. Federal Government.
- ARMtech has generated approximately \$80 million of underwriting profits since inception.

ARMtech has demonstrated its ability to grow market share and premiums over time through its leading edge technology and superior delivery of service and compliance.

ARMtech is Increasing Market Share and Geographic Diversification

2012 through 2014 were very strong marketing years for ARMtech

**MPCI Net Written Premiums
by Crop Year and State Grouping***



Estimated 2014 Net Written Crop Year Premiums

- 2014 estimated crop year MPCI net written premiums of \$488.1 million are 8.6% lower than crop year 2013
 - Commodity prices for spring crops declined 12% on average compared to a year ago
 - Estimated policy count growth of approximately 6%
- The portfolio of 2014 crop risk is balanced by crop and geography
- Purchased third party reinsurance to reimburse for losses from 85% to 96% on MPCI portfolio

ARMtech continues to focus on diversifying its business geographically while managing its exposure to Texas through active use of available reinsurance protections.

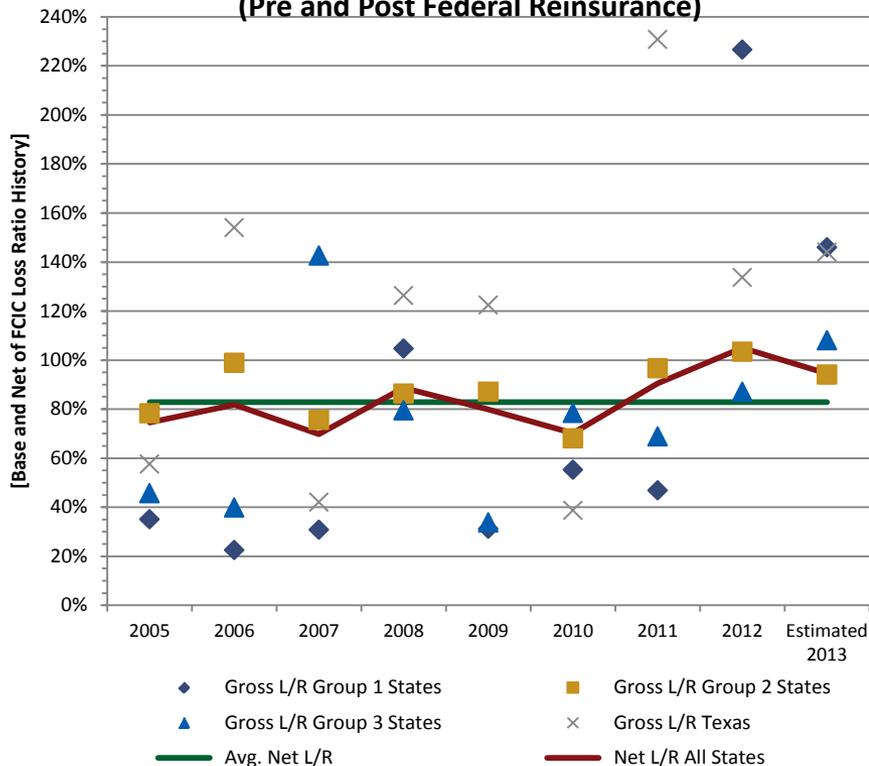
* Group One States – IL, IN, IA, MN, NE
 Group Two States – States other than Group One and Group Three states
 Group Three States – CT, DE, MA, MD, NV, NH, NJ, NY, PA, UT, WY, WV

** Estimated 2014 crop year premiums

Agriculture Insurance is Not Correlated with the P&C Cycle

FCIC reinsurance lowers volatility

**Historic MPCI Crop Year Loss Ratio Results
(Pre and Post Federal Reinsurance)**



Stable Results in Volatile Times

- While individual states can produce large loss ratios, the U.S. Federal reinsurance program has historically reduced loss ratio volatility.
- ARMtech's business has historically produced stable profits over time after reflecting the reinsurance terms set out in the current standard crop reinsurance agreement
 - Historic average loss ratio post U.S. Federal cessions has been 81.6% (adjusted for the 2011 Federal reinsurance terms)
 - The best year was 2007 with a 69.8% net loss ratio and the worst was 2012 with a 104.0% net MPCI loss ratio
 - ARMtech's current expense run rate after the A&O subsidy is approximately 6% - 8%

While individual states can produce highly varied gross loss ratios on a year to year basis, the U.S. Federal reinsurance program has historically mitigated that volatility and leaves ARMtech with a business which is not correlated to the traditional P&C pricing cycle and has high risk adjusted return potential.

Overview of ARMtech

ARMtech's recognition of premiums and earnings are influenced by growing seasons

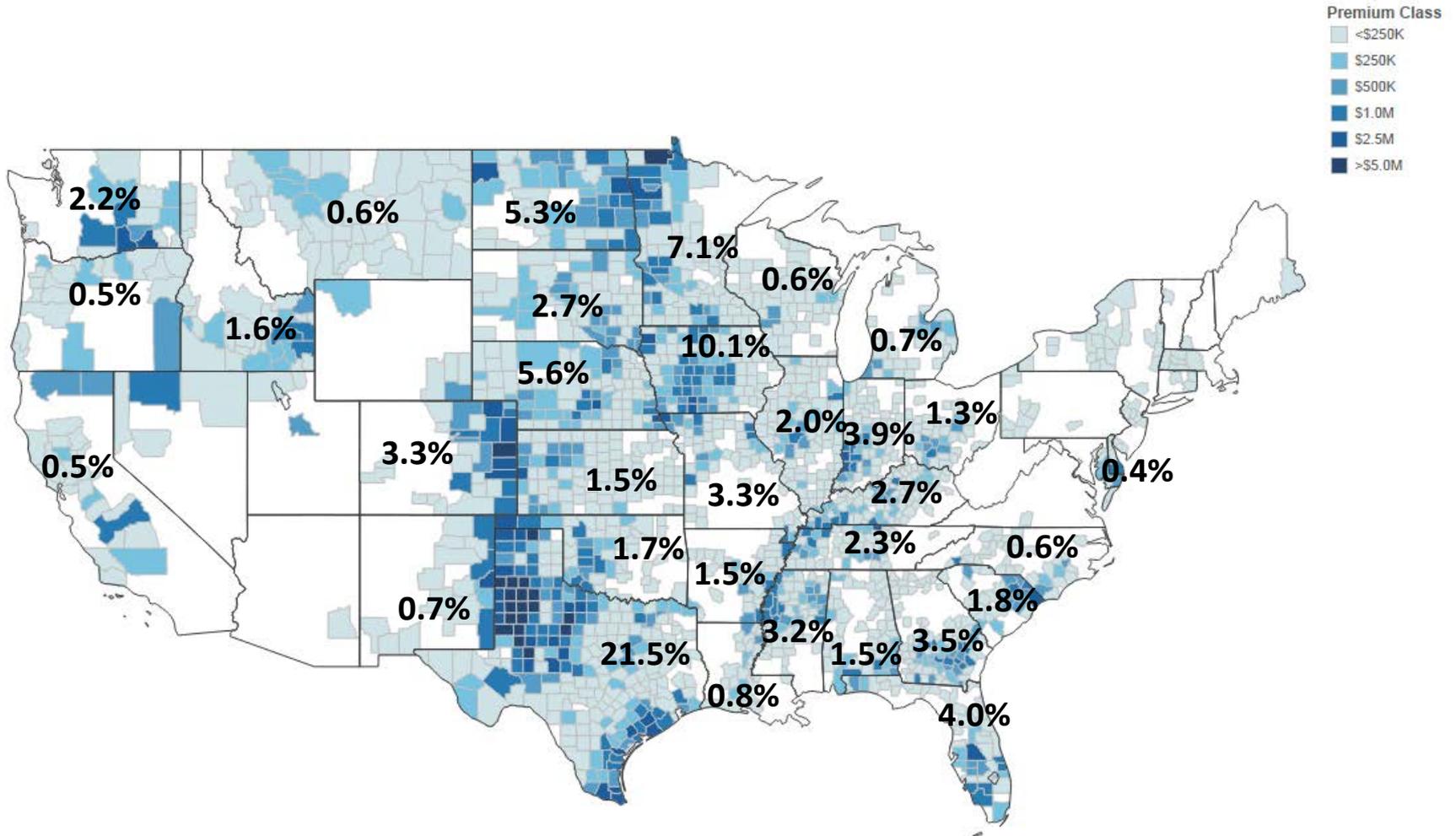
Seasonality of MPC Business

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Recognition of annual written premiums	60% - 65% Spring crops	10% - 15% Spring crop adjustments due to actual cessions	20% - 25% Spring crop acreage report adjustments Winter crops	5% - 10% Winter crop adjustments
Recognition of annual earned premiums	10%-15% Largely driven by winter crops	25% - 30% Driven by spring crops and winter crops	30% - 35% Largely driven by spring crops	25% - 30% Largely driven by spring crops
Commodity price setting	Setting of base prices for spring crops (forward commodity price for fourth quarter)	Harvest price determined for winter crops	Setting of base prices for winter crops (forward commodity price for second quarter)	Harvest price determined for spring crops
Harvest		Harvest of winter crops		Harvest of spring crops

Geographic Diversification of Crop Insurance Business

ARMtech maintains a geographically diversified portfolio of risk

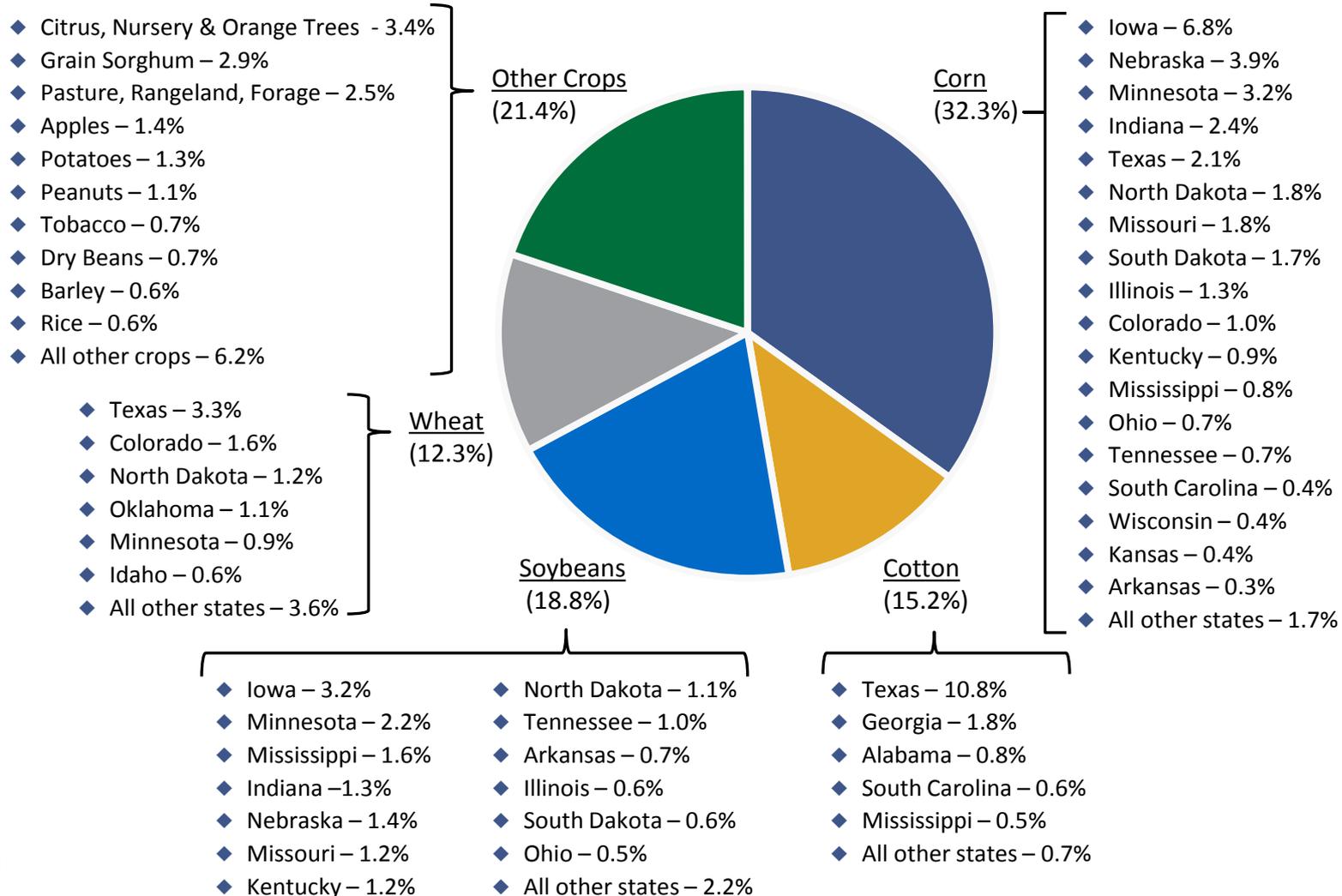
MPCI Percent of Total Retained Premium - 2014 RY



Diversification of Crops Within ARMtech's Portfolio

Underwritten risks diversified by geography and commodity type

ARMtech's 2014 Estimated Crop Year MPCl Net Written Premiums



Agriculture Insurance Contains Three Layers of Risk Mitigation

Farmers retention, ceding premiums to the U.S. Federal Government and limitations on losses and gains

**2014 Crop Year
Gross Liability**

66.6% of risk retained by ARMtech

33.4% of first dollar risk retained by farmers

41.5% of MPCII Premiums Ceded to U.S. Federal Government

Assigned Risk Fund

"Higher Risk Policies"

Loss Sharing

(% of loss retained by ARMtech within each applicable band when the loss ratio is above 100%.)

Loss Ratio	
100 - 160	7.5%
160 - 220	6.0%
220 - 500	3.0%

Gain Sharing

(% of gain retained by ARMtech within each applicable band when the loss ratio is below 100%.)

Loss Ratio	
65 - 100	22.5%
50 - 65	13.5%
0 - 50	3.0%

13.6% of 2014 Crop Year NWP

Commercial Fund

"Lower Risk Policies"

Loss Ratio	Group 1 States	Group 2 & 3 States
100 - 160	65.0%	42.5%
160 - 220	45.0%	20.0%
220 - 500	10.0%	5.0%

Loss Ratio	Group 1 States	Group 2 & 3 States
65 - 100	75.0%	97.5%
50 - 65	40.0%	40.0%
0 - 50	5.0%	5.0%

86.4% of 2014 Crop Year NWP

ARMtech Has Grown Market Share Over Time

Superior service and technology has driven growth in stable market

MPCI Certified Companies (Owners)	Crop Year Market Share							% Change in Market Share 2007 - 2013
	2013	2012	2011	2010	2009	2008	2007	
Rain and Hail (ACE) ⁽¹⁾	20.8%	21.3%	21.8%	22.6%	24.3%	24.1%	25.0%	-4.2%
Rural Community Insurance Company (Wells Fargo)	20.6%	22.1%	21.8%	22.9%	24.7%	25.2%	25.1%	-4.5%
NAU Country Insurance Company (QBE) ⁽¹⁾	13.1%	13.3%	14.8%	14.4%	13.7%	13.8%	13.3%	-0.2%
Great American Insurance Co.	8.5%	8.5%	8.7%	8.7%	9.1%	10.1%	10.6%	-2.1%
American Agri-Business Ins. Co. (Endurance)	7.7%	7.4%	6.7%	7.0%	6.5%	5.7%	5.9%	1.8%
Producers Ag. Ins. Co. (CUNA Mutual)	4.9%	5.5%	6.4%	6.3%	5.3%	5.2%	4.8%	0.2%
Guide One Mutual (CGB Diversified Services)	4.6%	4.0%	2.7%	2.0%	1.2%	1.2%	1.1%	3.4%
Farmers Mutual Hail Ins. of Iowa	4.3%	4.4%	4.5%	4.2%	3.8%	4.0%	4.0%	0.3%
John Deere Risk Protection, Inc.	3.8%	3.3%	3.3%	3.8%	4.0%	3.3%	3.0%	0.7%
Agrinational Insurance Company (ADM)	3.1%	2.5%	2.1%	1.5%	0.9%	1.0%	1.1%	2.1%
Heartland (Everest Re)	2.4%	2.3%	2.4%	3.0%	3.4%	3.3%	3.2%	-0.9%
Hudson Insurance Company ⁽¹⁾	2.0%	1.6%	1.2%	1.2%	0.8%	0.6%	0.4%	1.6%
AgriLogic (Occidental Firs & Casualty Co)	1.6%	1.8%	1.4%	0.1%	0.0%	0.0%	0.0%	1.6%
American Agricultural Ins. Co (Amer. Farm Bureau)	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	1.2%	0.0%
Country Mutual Insurance Company	0.9%	0.9%	0.9%	1.0%	1.1%	1.2%	1.4%	-0.5%
Global Ag (XL Reinsurance)	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
International Ag (Starr Indemnity)	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%

Source - National Crop Insurance Services (NCIS)

(1) 2007 Crop Year Market Share was increased to reflect the acquisition of a company between 2007 and 2013.



Other Miscellaneous Information

Probable Maximum Loss by Zone and Peril

Largest 1 in 100 year PML as of January 1, 2014 is equal to 10.6% of Shareholders' Equity as of March 31, 2014

Zone	Peril	Estimated Occurrence Net Loss as of January 1, 2014					Jan. 1, 2013	Jan. 1, 2012
		10 Year Return Period	25 Year Return Period	50 Year Return Period	100 Year Return Period	250 Year Return Period	100 Year Return Period	100 Year Return Period
United States	Hurricane	\$135	\$191	\$237	\$293	\$357	\$429	\$574
Europe	Windstorm	92	173	233	317	428	346	384
California	Earthquake	42	155	199	238	326	395	409
Japan	Windstorm	32	102	140	144	154	201	317
Northwest U.S.	Earthquake	-	5	32	95	192	154	206
Japan	Earthquake	9	45	81	109	142	111	189
United States	Tornado/Hail	37	56	72	88	114	86	123
Australia	Earthquake	1	6	27	86	138	88	73
New Zealand	Earthquake	1	4	10	24	55	24	29
Australia	Windstorm	3	11	29	52	96	53	48
New Madrid	Earthquake	-	-	-	9	69	10	12

The net loss estimates by zone above represent estimated losses related to our property, catastrophe and other specialty lines of business, based upon our catastrophe models and assumptions regarding the location, size, magnitude, and frequency of the catastrophe events utilized to determine the above estimates. The net loss estimates are presented on an occurrence basis, before income tax and net of reinsurance recoveries and reinstatement premiums, if applicable. Return period refers to the frequency with which the related size of a catastrophic event is expected to occur.

Actual realized catastrophic losses could differ materially from our net loss estimates and our net loss estimates should not be considered as representative of the actual losses that we may incur in connection with any particular catastrophic event. The net loss estimates above rely significantly on computer models created to simulate the effect of catastrophes on insured properties based upon data emanating from past catastrophic events. Since comprehensive data collection regarding insured losses from catastrophe events is a relatively recent development in the insurance industry, the data upon which catastrophe models is based is limited, which has the potential to introduce inaccuracies into estimates of losses from catastrophic events, in particular those that occur infrequently. In addition, catastrophe models are significantly influenced by management's assumptions regarding event characteristics, construction of insured property and the cost and duration of rebuilding after the catastrophe. Lastly, changes in Endurance's underwriting portfolio risk control mechanisms and other factors, either before or after the date of the above net loss estimates, may also cause actual results to vary considerably from the net loss estimates above. For a listing of risks related to Endurance and its future performance, please see "Risk Factors" in our most recent Annual Report on Form 10-K.

First Quarter 2014 Highlights

Results were driven by strong underwriting margins supported by light catastrophe losses and favorable development

- Book value per common share, adjusted for dividends, expanded 4.9% during first quarter 2014
 - Net income attributable to common shareholders of \$96.3 million
 - Improved accident year loss ratios in both segments
 - General and administrative expenses were higher in the current quarter reflecting the transformation of the company and included greater levels of corporate expenses and expenses related to the hiring of numerous global underwriting teams.
 - Light catastrophe activity in both first 2014 and 2013
- Gross written premiums of \$1.16 billion were 1.7% lower than first quarter 2013 while we continued to rebalance our portfolios
 - Insurance gross written premiums of \$652.3 million were unchanged from first quarter 2013
 - Strong growth from newly hired teams in our U.S. specialty operations were offset by lower agriculture premiums. Professional lines grew 85.0% while the casualty and other specialty lines of business expanded 32.6% compared to a year ago. Current quarter agriculture gross premiums written declined 6.5% as the impact from reduced commodity prices were partially offset by a 6% increase in policy counts.
 - Reinsurance gross written premiums of \$505.2 million a decline of 3.7% compared to first quarter 2013
 - Rebalancing of the reinsurance portfolio continued in the first quarter as catastrophe and casualty products were selectively non-renewed, which was partially offset by growth in specialty, professional lines and property lines of business.

Financial Results for First Quarter 2014

Financial highlights

\$MM (except per share data and %)	March 31, 2014	March 31, 2013	\$ Change	% Change
Net premiums written	798.7	908.9	(110.2)	-12.1%
Net premiums earned	396.3	420.1	(23.8)	-5.7%
Net investment income	41.0	49.3	(8.3)	-16.8%
Net underwriting income	72.8	63.8	9.0	14.1%
Net income to common shareholders	96.3	92.1	4.2	4.6%
Operating income to common shareholders	94.4	89.8	4.6	5.1%
Fully diluted net income EPS	2.17	2.13	0.04	1.9%
Fully diluted operating income EPS	2.12	2.08	0.04	1.9%

Key operating ratios

	March 31, 2014	March 31, 2013
Operating ROE (annualized)	15.0%	15.6%
Net loss ratio	44.6%	52.1%
Acquisition expense ratio	18.2%	17.1%
General and administrative expense ratio	18.5%	15.8%
Combined ratio	81.3%	85.0%
Diluted book value per share	\$57.53	\$54.10
Investment leverage	2.57	2.78

First Quarter 2014 Gross Written Premiums

Insurance Segment

In \$MM	March 31, 2014	March 31, 2013	\$ Change	% Change
Casualty and other specialty	74.9	56.5	18.4	32.6%
Agriculture	527.9	564.5	-36.6	-6.5%
Professional lines	38.8	21.0	17.8	85.0%
Property	10.7	11.0	-0.3	-3.0%
Total insurance	652.3	652.9	-0.7	-0.1%

Reinsurance Segment

In \$MM	March 31, 2014	March 31, 2013	\$ Change	% Change
Professional lines	25.6	12.3	13.3	108.1%
Casualty	85.0	129.4	-44.4	-34.3%
Catastrophe	126.6	147.9	-21.3	-14.4%
Property	166.4	148.4	18.0	12.1%
Specialty	101.6	86.4	15.2	17.6%
Total reinsurance	505.2	524.4	-19.2	-3.7%

Financial Overview: Inception to Date Financial Performance

Financial highlights from 2002 through March 31, 2014

In \$MM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Mar. 31, 2014	Inception to date
Net premiums written	765	1,598	1,697	1,619	1,586	1,575	1,784	1,606	1,764	1,980	2,029	2,049	799	20,851
Net premiums earned	369	1,174	1,633	1,724	1,639	1,595	1,766	1,633	1,741	1,931	2,014	2,016	396	19,631
Net underwriting income (loss)	51	179	232	-410	304	322	111	265	195	-252	-48	195	73	1,217
Net investment income	43	71	122	180	257	281	130	284	200	147	173	166	41	2,095
Net income (loss) before preferred dividend	102	263	356	-220	498	521	100	555	365	-94	163	312	105	3,026
Net income (loss) available to common shareholders	102	263	356	-223	483	506	85	539	349	-118	130	279	96	2,847
Diluted EPS	\$1.73	\$4.00	\$5.28	(\$3.60)	\$6.73	\$7.17	\$1.33	\$9.00	\$6.38	(\$2.95)	\$3.00	\$6.37	\$2.17	\$46.61

Key Operating Ratios	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Mar. 31, 2014	Inception to date
Combined ratio	86.2%	84.7%	85.8%	123.5%	81.5%	79.9%	93.5%	84.0%	88.7%	112.9%	102.3%	90.2%	81.3%	93.7%
Operating ROE	7.8%	17.3%	19.9%	(11.9%)	25.7%	23.8%	8.5%	22.0%	12.6%	(6.3%)	2.4%	11.9%	15.0%	11.1%
Book value per share	\$21.73	\$24.03	\$27.91	\$23.17	\$28.87	\$35.05	\$33.06	\$44.61	\$52.74	\$50.56	\$52.88	\$55.18	\$57.53	