



Arch Capital Group Ltd. Sustainability Accounting Standards Board Disclosure Report 2024

For the year ended Dec. 31, 2024



Prepared in accordance with SASB

All data in this Sustainability Accounting Standards Board (SASB) disclosure is as of, or for the year ended, Dec. 31, 2024 unless otherwise noted.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURE

Arch Capital Group Ltd. (together with its subsidiaries, Arch or the Company), is a publicly listed Bermuda exempted company with approximately \$23.5 billion in capital at Dec. 31, 2024 and is part of the S&P 500 index. Arch provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly-owned subsidiaries. While we are positioned to provide a full range of property, casualty and mortgage insurance and reinsurance lines, we focus on writing specialty lines of insurance and reinsurance. In addition to providing comprehensive disclosure on our website regarding our approach to value creation, which sustainability topics, we provide the following disclosures, which are aligned with the Sustainability Accounting Standards Board (SASB) framework for the insurance industry. SASB standards are designed to identify a minimum set of sustainability issues most likely to impact the operating performance or financial condition of the typical company in an industry, regardless of location.

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 Arch, please see our 2024 Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2024, filed with the Securities and Exchange Commission (SEC) on Feb. 27, 2025 (the 2024 Annual Report). Moreover, Arch's approach to disclosures in this report may differ from the approach to disclosures in other reports, including regulatory filings with the SEC and disclosures made under other regulatory frameworks. This report may use certain terms, including those that SASB or others may refer to as "material," to reflect the issues or priorities of the Company, its subsidiaries and its stakeholders. Used in this context, however, these terms are distinct from, and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities, or other, laws or as used in the context of financial statements and reporting. This report is intended to present information from a different perspective and, in some cases, in more detail than may be required in other Arch reports, including filings with the SEC or other regulatory disclosures.

This report may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA), which reflect our current views with respect to future events, risks and uncertainties. All statements other than statements of historical fact included in or incorporated by reference in this report are forward-looking statements. Forward-looking statements, for purposes of the PSLRA or otherwise, can generally be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" and similar statements of a future or forward-looking nature or their negative or variations or similar terminology. Actual events and results may differ materially from those expressed or implied in these statements. Important factors that could cause actual events or results to differ materially from those indicated in such statements include, among other things, those factors discussed in Item 1A, pages 43-62 of our 2024 Annual Report, and our quarterly reports on Form 10-Q filed with the SEC. These forward-looking statements speak only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This report may contain links to or information from other internet sites. Such links and information are not endorsements of any products or services in such sites, and no information in such sites has been endorsed or approved by the Company.

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Transparent Information & Fair Advice for Customers

FN-IN-270a.1

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

In compliance with the regulations set forth by the Securities and Exchange Commission (SEC), Arch 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 2024, legal proceedings and/or monetary losses, if any, associated with marketing and communication of insurance product-related information to new and returning customers were not material and, accordingly, have not been disclosed in our Form 10-K. [See Item 3, page 65 of our 2024 Annual Report.](#)

FN-IN-270a.2

Complaints-to-claims ratio

We are committed to delivering a consistent, exceptional level of service to our insureds. We strive to offer swift and efficient responses in every interaction regarding coverage inquiries or claims. Our team of experienced underwriters and claims handlers assist with the process, addressing queries, customer coverage questions, complaints and/or claims.

For the past four years, our insurance operations executed a global strategic initiative called "The Arch Experience." The initiative sets standards for behaviors and expectations for how all colleagues interact with customers, each other and partners across multiple areas, including customer coverage issues, complaints and claims. In 2024, our focused trainings emphasized our commitment to our brand purpose, "Pursuing Better Together." These sessions covered key areas and highlighted principles to proactively solve problems, embrace new ideas, continuously improve, and stay prepared for any situation. We believe prompt responses to customer needs will help build strong, trust-based relationships with our clients. By promoting curiosity and meaningful engagement with our clients, we strengthen our ability to anticipate opportunities and take proactive measures to provide optimal solutions. We also actively obtained internal and external feedback to identify and implement initiatives to serve our claimants better. [See also FN-IN-270a.4](#), "Description of Approach to Informing Customers about Products," for additional details regarding this strategic initiative.

We provide a wide range of commercial property and casualty insurance products primarily through our U.S.-based insurance subsidiaries, subject to insurance

regulations in the various states and jurisdictions where they transact business. As a multi-line insurance carrier, we are subject to insurance regulations in all 50 states and other jurisdictions. State insurance departments voluntarily provide consumer complaint data to the National Association of Insurance Commissioners (NAIC). The NAIC does not calculate or report on a complaints-to-claims ratio but instead provides a summary listing of all closed complaints by business line for each underwriting company in the U.S. Closed complaints, as defined by the NAIC, are complaints that have been investigated by the state insurance department and given a resolution code. The NAIC "National Complaint Index Report" is calculated by dividing each underwriting company's share of closed complaints in the U.S. market by the underwriting company's market share of premiums in the U.S. The NAIC does not provide one ratio for all our underwriting companies combined. Closed complaint ratio data calculated by the NAIC is available on its consumer site https://www.naic.org/cis_refined_results.htm. Data for the following companies is available: Arch Insurance Company, Arch Indemnity Insurance Company, Arch Specialty Insurance Company, Arch Property Casualty Insurance Company and Watford Insurance Company.

For our **U.S. mortgage insurance (MI)** subsidiaries, we rarely deal directly with consumers and do not often receive consumer complaints filed with state insurance departments. Due to the structure of MI products, the minimal number of complaints received is not a meaningful metric for assessing our claims-handling process. Therefore, our U.S. MI subsidiaries do not measure claims performance based on complaint volume.

Our **U.S. reinsurance subsidiaries** do not deal directly with consumers and do not receive consumer complaints filed with state insurance departments. In addition, our reinsurance subsidiaries do not typically receive formal complaints from their ceding company clients other than regarding infrequent claims disputes. Therefore, our reinsurance subsidiaries do not track or measure claims performance based on complaint volume.

FN-IN-270a.3

Customer retention rate

Global Insurance Operations. For our insurance subsidiaries, we routinely monitor customer retention rates for all measurable lines of business, excluding nonrecurring products (e.g., surety products, travel products, transactional risk products and political risk coverages). We include this measure in our internal management reporting, ensuring we account for and address any unexpected changes within a business unit. We look at customer retention on both a premium-weighted and policy-count-weighted basis. Each diagnostic is informative, and we analyze customer retention at lower segmented levels

where useful applicable. Our methodology does not adjust the calculation for involuntarily terminated customers as provided by the SASB methodology.

Due to the diversity of business written by our insurance subsidiaries, the expected customer retention ratio varies significantly across our business units. Most of our business units achieve retention ratios in excess of 75% and have remained relatively consistent over time.

U.S. Mortgage Insurance Operations. We do not track customer retention rates for our U.S. MI subsidiaries because we do not have direct contact with consumers. Instead, for our MI business, the customer is a lending institution. Based on this structure, a more meaningful metric is the retention rate of new insurance written (NIW), a common term in mortgage insurance that refers to the aggregate dollar amount of newly insured mortgage loans. In 2023 and 2024, on average, 86.7% of the lender home offices that submitted at least one loan (or unit count) that became NIW submitted at least one loan (or unit count) that became NIW the following quarter.

U.S. Reinsurance Operations. We do not track customer retention at a group level for our U.S.-based reinsurance business because we do not find it a useful metric, given that our customers are insurance companies, and our strategic focus is on adjusting capacity in different markets based on pricing. Although the metric is irrelevant at a group level, some individual departments track retention rates when it makes sense for their part of the business.

FN-IN-270a.4

Description of approach to informing customers about products

Our global primary insurance operations follow a blueprint, "The Arch Experience," aimed at delivering an exceptional customer experience. This initiative is embedded in our business encompassing all employees within our worldwide insurance segment. The program centers on reinforcing specific behaviors and standards geared toward enhancing solutions-oriented communication with our valued customers.

In 2024, our insurance operations in North America focused their training on five key behaviors that help shape our culture and, guide how we engage with each other, our customers and our stakeholders. These five behaviors included:

1. **Be Open-Minded and Embrace Innovation:** Challenge the status quo and foster a culture of continuous improvement.

2. **Be Relentless about Improvement:** Small gains compound over time, leading to significant advancements.
3. **Be the Solution:** Focus on possibilities and how we can achieve them.
4. **Be Fanatical about Responsiveness:** Responsiveness builds trust and strengthens relationships.
5. **Be Prepared:** Make informed decisions using data-driven insights.

The Arch Experience follows principles to proactively solve problems, embrace new ideas, continuously improve, and stay prepared for any situation. By promoting curiosity and meaningful client engagement, we strengthen our ability to anticipate opportunities and take proactive measures to provide optimal solutions.

For our insurance and mortgage products, customer interactions are generally handled through a limited number of specialized intermediaries, including professionally licensed brokers, agents, wholesalers, coverholders, administrators and, when relevant, mortgage originators. These experts, as applicable, are instrumental in providing information and offering advisory support to existing and prospective customers. These intermediaries also participate in the post-purchase phase by reviewing policies and overseeing the ongoing insurance relationship. Policyholders are also encouraged to review policy content carefully and, should inquiries arise, to seek clarification from these intermediaries.

Our underwriters, sales employees and coverholders maintain regular contact with the intermediaries to ensure they have a clear and comprehensive understanding of our product offerings. The applicable underwriting business unit, communications group and legal department are involved in preparing and reviewing communications distributed to current or prospective customers. Our communications are tailored to meet the customer's specific needs and vary depending on the specific product type and segment. The information we provide may include, among other things, the specific product and policy scope (including limits and deductibles as relevant), underwriting terms and conditions, pricing information, industry and exposure-related materials, risk management support and other general information about the company issuing the underlying policy, our brand and/or our financial strength and information regarding how to make a claim and claims procedures, as applicable.

In our mortgage business, we work closely with lenders and industry associations to identify opportunities to educate the public on our solutions and address common misconceptions about down payment requirements and the home-buying process. We understand owning a home can be financially challenging, so we see immense value in

participating in inclusive opportunities for the public to engage with experts at Arch and across the industry.

On an ongoing basis, we provide educational materials on the role this part of our business plays in society. We support the efforts of the U.S. Department of Housing and Urban Development (HUD) to identify approved housing counseling agencies across states on its website. These programs advise people on the home-buying process, default prevention and credit management. By providing this consumer education, we facilitate consumer awareness of products and services and provide them with the knowledge and skills to improve their ability to manage risk.

We help borrowers prepare for the challenges and responsibilities of homeownership through our Government Sponsored Enterprise-approved homebuyer education courses at <https://www.archmi.com/hbe>. We believe prospective homebuyers can also benefit from homebuyer education programs sponsored by community, nonprofit and governmental agencies. We are proud to partner with BALANCE[®], a nonprofit financial counseling organization that makes homebuyer education accessible to a broader audience. In 2024, more than 3,200 potential homebuyers completed the homebuyer education course.

In the unfortunate cases where our policyholders experience a covered loss, we are committed to providing timely client service when paying claims. We offer a customer-focused approach to claims management and endeavor to resolve claimant needs quickly and efficiently. Our policies are clear about the scope of coverage and the claims process. We communicate with our customers through various channels, including our intermediaries, website, email, advertising, promotional materials, social media, and at events and conferences.

Our reinsurance group generally markets its reinsurance products through professionally licensed intermediaries, except for our property facultative reinsurance group, which also deals directly with the ceding companies. Per the applicable reinsurance contracts, all communications with ceding companies are directed through these intermediaries, including claims communications. Except for facultative reinsurance, the reinsurance group does not market to, contract with or communicate directly with individual insureds.

Incorporation of Environmental, Social and Governance Factors in Investment Management

FN-IN-410a.2

Description of approach to incorporation of environmental, social and governance factors in investment management processes and strategies

Insurance companies are subject to regulatory investment requirements that limit our investment flexibility regarding the types of investments we may hold and the concentrations of credit and equity risk we may amass. These requirements ensure insurers have sufficient liquidity to pay claims as they are presented.

As disclosed in our 2024 Annual Report, a significant majority of our funds available for investment are deployed in a widely diversified portfolio of U.S. government, corporate and other high-quality, liquid assets. A significant portion of our portfolio comprises securities issued by the U.S. government and government agencies and AAA, AA and A-rated securities.

As a long-term asset manager and owner, we integrate sustainability factors into our investment analysis and decision-making. Our fundamental analysis incorporates investee companies' sustainability risk ratings, including corporate governance, climate risk exposure, carbon reduction and workforce policies. Through these investments, we aim to deliver total return for Arch while potentially realizing the societal benefits of sustainability investing.

Our Responsible Investing (RI) Policy, adopted in early 2022, provides a framework for governance, investment strategy, engagement, reporting and communications. In developing the RI Policy, we considered the six principles set forth by the United Nations Principles of Responsible Investment (UN PRI). The RI Policy reflects our approach to sustainable value creation by considering sustainability factors, including climate change, in the investment process for all asset classes under our management. [See page 38 of our 2024 Sustainability Report for details regarding our RI Policy.](#)

Arch's investment team employs qualitative and quantitative analysis to identify company- or manager-specific risks and opportunities. Our investment team uses various resources to stay informed of developments in sustainability ratings and evaluation methodologies to understand the potential implications of emerging sustainability factors. For our internally managed assets, we consider sustainability factors and ratings when assessing new investment opportunities, where reliable data is available.

Our RI strategy involves regularly engaging with our external managers regarding sustainability integration into their investment decisions. We also discuss sustainability risks and encourage the adoption of strong RI practices. Additionally, we request external managers provide annual sustainability reports and metrics on their organization's performance.

Our sustainability risk management process involves pre-investment due diligence — managed by our investment teams and approved by our Investment Committee — for externally managed assets. The Investment Committee comprises senior members of our investment team, our Chief Executive Officer and our Chief Financial Officer. Active engagement with external managers, post-investment is another central tenet of our approach. For internally managed assets, carbon metrics and other sustainability factors are included in our investment decisions and reporting, where available. We review the portfolio for issuers with poor or weaker trending sustainability ratings and seek to emphasize those with more favorable sustainability risk profiles, where attractive investment opportunities and ratings are available.

Policies Designed to Incentivize Responsible Behavior

FN-IN-410b.1

Net premiums written related to energy efficiency and low-carbon technology

At Arch, we track premium data based on the line of business and by state (as applicable), as required by insurance regulators. Premium information by segment and line of business is discussed in our Dec. 31, 2024, Financial Supplement [here](#).

Recognizing the heightened market emphasis on the energy transition and regulatory efforts to quantify associated premiums, our global insurance underwriters, in collaboration with our Chief Sustainability Officer, use a principles-based approach to identify energy efficient and sustainable energy accounts. This initiative is aligned with our recognition of the increasing importance of evaluating the impact of our global insurance underwriting on climate change mitigation, adaptation and other sustainable energy initiatives.

The process begins by determining whether an account involves renewable or sustainable energy technology, making it eligible for tagging. The process also identifies certain energy-efficient or low-carbon technologies and practices, including hydro and geothermal power generation, battery storage, biofuels, clean fuels production/blending, hydrogen and emissions reduction technology. This process allowed us to measure the premium volume meeting that definition from several lines of business in our

U.S. and U.K. insurance operations, including U.S. Executive Assurance, Retail Energy, Surety and E&S Casualty, and U.K. Energy Property. This year, we are expanding our quantified premiums to include our Canadian insurance operations.

Based on this effort, we quantified approximately \$59 million of net premium written (net of broker commissions and gross of reinsurance) related to renewable energy or low-carbon technology accounts. This represents an increase of 34% from approximately \$44 million in 2023. Moving forward, we will continue to report on our progress while aiming to expand the process to additional business lines and geographies.

FN-IN-410b.2

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

Our U.S. casualty insurance business units (construction, national accounts, retail energy, alternative markets, programs, defense base act, foreign casualty for overseas military/governmental bases and high excess workers' compensation) offer primary and excess casualty coverages to middle market and large accounts across a variety of industry segments. Our large account underwriting segments specialize in loss-sensitive insurance programs, such as large deductible, self-insured retention and retrospectively rated programs. Insureds can better manage their premium costs through individual account ratings and pricing reflecting their loss experience. Further, insureds are incentivized to implement and adhere to strong risk management, safety and loss prevention programs. With this program structure, the risk is shared between the insurer and the insured, allowing us to extend our casualty risk control service offerings to improve customer results. For our middle market and smaller commercial accounts, such as private equity firms, real estate and hospitality, financial institutions, professional services and healthcare, we also extend our casualty risk control service offerings to help these businesses with their overall risk management practices.

Health & Safety

1. Our Casualty Risk Control Services Platform. Through our casualty risk control services platform, Arch Casualty Risk Control, we offer health and safety support for our U.S.-based casualty insurance customers, including construction, national accounts, retail energy, high excess workers' compensation, alternative markets, property/casualty programs and excess and surplus casualty. We provide businesses with access to comprehensive services including training resources, technical information and consulting solutions, to help our customers safeguard their employees and the public.

Our casualty risk control staff helps our customers better understand and manage their health, safety and environmental risks and exposures to loss. In 2024, we continued to increase our casualty risk control staff, supporting our U.S.-based casualty insurance customers by hiring professionals with diverse skill sets to broaden our capabilities and increase our interactions with policyholders.

We regularly engage directly with our customers to provide best practices and support. We assess prospective and currently bound accounts to identify gaps in existing programs and opportunities to improve results. These assessments help establish service action plans to improve safety and overall risk management practices. This support includes:

- **Consulting on Work Site Safety and Employee Onboarding Programs.** We understand that a new employee's first few months on the job involves the greatest potential for injury. This is a critical time for employers to properly train and orient employees to be aware of hazards. Through our consulting services, we help our customers develop and implement consistent workplace safety orientation and training programs and encourage them to hold their supervisors accountable for these critical activities. Examples of critical work site employee safety training topics include effective daily briefings and task hazard analysis, fall protection, electrical safety, struck-by, confined space entry, excavations, lockout/tag-out, driver safety and heavy equipment operations. Beyond the new employee focus, our consulting efforts emphasize client management systems and processes to encourage employee safety practices to be carried out and consistently maintained and audited throughout the employment life cycle.
- **Post Injury Management.** When workplace injuries occur, having an effective post-injury management program is a cornerstone of occupational health and safety. Such programs are designed to enable an employees' safe return to work following a workplace injury and play a critical role in safeguarding the health of employees and the productivity of the workplace.

Arch Casualty Risk Control developed a Post Injury Management Guide (Guide) with resources for employers to develop and implement a formal and successful program. The Guide includes:

- Sample policies and procedures covering the initial injury assessment, rehabilitation strategy, workplace adaptations to promote a safe and supportive work environment and defined stakeholders with individual responsibilities.

- Regular evaluations and adjustments to the program to adapt to the individual's progress.
- Informational materials and training to assist stakeholders.

■ **Consulting to Protect the Public.** Many of our policyholders interact with, or are exposed to, the public through the communities and customers they serve. Some of their scopes of work may create potential injury exposure to the public. Arch Casualty Risk Control focuses on these public exposures and helps our clients develop plans and best practices to eliminate or minimize exposure to injuries. This includes: (1) driver improvement to prevent policyholder at-fault accidents impacting the traveling public; (2) assistance with slip/fall exposures in retail environments; and (3) improved safety and management of temporary highway work zones to facilitate safe passage for public vehicles and pedestrians.

■ **Safe Driving.** Driving creates a significant risk to our customers and the public. Our risk-control staff works with our customers to help them properly screen and manage employee drivers of all types of vehicles to improve on-the-road safety performance. At the policyholder level, we sample and review customer motor vehicle records to ensure appropriate driver screenings and management programs are in place. We also promote safe driving and provide our customers with driver training and management resources through several third-party alliances. These resources are designed to combat distracted driving and reinforce defensive driving skills. We offer our customers, through a third-party vendor, access to continuous employee motor vehicle record monitoring so our customers can better assess their drivers' risk profiles in real time and take corrective actions before a driver's motor vehicle record moves to an unacceptable level. Commencing in 2024, we developed a tool to better analyze and consult with policyholders on their results from the Department of Transportation's Safety Measurement System (SMS). The SMS uses data from roadside inspections, crash reports from the last two years, and investigations to identify and intervene with motor carriers. This tool allows us to provide more detailed insights and tailored advice, helping policyholders improve their safety performance.

■ Arch Casualty Risk Control maintains a software application to facilitate and enhance our ability to track and manage account interactions and services for new and current insureds. This system enables our casualty risk control specialists to monitor recommendations for improvement, track the status and ultimately close program gaps identified

in our business evaluations. This application is designed to ensure we provide proper customer support and continued operational improvement to reduce losses.

■ **Additional Resources to Support Our Insureds.** In 2024, we continued to add new or enhanced business alliances to provide additional resources for our policyholders. These alliances focus on preferential pricing and Arch contributory funding arrangements for targeted safety and loss prevention tools, such as:

- Crisis counseling and mental health consulting including post-traumatic event counseling (i.e., supporting companies in building resilient workplaces in the face of disaster, disruption and everyday behavioral health challenges).
- Active shooter preparedness, training and facility security assessments.
- Mobile device blocking apps to address distracted driving.
- Vehicle camera and telematics systems for driver monitoring and improvement.
- Cloud-based safety management system software.
- Online safety and health training.
- Accident reporting application to facilitate prompt and efficient documentation.
- Sustainability advisory services for our retail energy accounts.
- Motor vehicle record monitoring to ensure safety and security.

2. Safety Training for First Responders. Through our programs for emergency responders and firefighters, we offer a suite of safety and training aids to help promote safety and reduce the potential for on-the-job error or injury. Our services educate and inform first responders on industry safety and compliance best practices. These services are offered to thousands of ambulance and emergency workers and volunteers. In addition, we offer an e-learning and training management system with approximately 600 courses. Although e-learning is not meant to replace quality face-to-face and hands-on training, we realize tremendous time requirements are placed on individuals in today's fast-paced environment, making it difficult for everyone to attend scheduled training. Our e-learning courses allow first responders to supplement scheduled hands-on training and are available 24/7.

Our training courses are designed to help our insureds stay safe and supported while serving their communities. In 2024, we conducted 34 webinars, watched by over 7,600

live viewers and extended participation in these webinars to non-clients throughout the U.S. The following are some of the topics covered during the training:

- **Emergency Vehicle Driver Training.** We offer comprehensive driver education covering the skills and knowledge required to operate emergency vehicles. These classroom and hands-on courses are offered to prepare drivers better to cope with the extra demands when working in emergencies.
- **Fit for Duty.** We offer training to fire-service department leaders on how best to monitor their members and recognize situations when members may not be fit for duty. Ensuring first responders are mentally, emotionally and physically fit for their jobs decreases risk and keeps members safe.
- **Emergency Services Insurance Program Essential Series.** We offer a suite of online instruction and training briefs tailored for training officers. Our program is designed to augment hands-on training by covering essential firefighter skills. These online sessions provide first responders with a foundation to ensure they possess the fundamental skills needed for effective emergency response.
- **Sexual Harassment and Workplace Violence Prevention.** This training delves into the most effective practices to foster a safe and inclusive environment. This course adopts a proactive "bystander assistance" approach, equipping participants with the knowledge and skills to actively prevent harassment. By understanding how to support and protect one another, we create workplaces where everyone feels secure and respected.
- **FarMedic.** This course unites firefighters nationwide, comprehensively exploring the inherent risks associated with responding to incidents in farming environments. Over two days, participants engage in a dynamic blend of classroom instruction and hands-on training sessions. The intensive curriculum encompasses a range of critical topics, including strategies for addressing barn fires, responding to grain-bin entrapments, managing incidents involving animals and understanding the protocols when confronted with toxic gas exposures.
- **Safe Handling of Fire Gear.** We provide education on safely cleaning and storing protective fire gear that often contains combustion by-products. Because some firefighters, especially volunteer firefighters, frequently take their gear home with them, we provide education about the secondary exposure risks to their families and how to prevent exposure.

- **Lithium-Ion Battery Exposures.** With the increase in fires caused by lithium-ion batteries, we offer training sessions focused on techniques firefighters can use to help mitigate risk when fighting these unique fires.

3. Marine Cargo Underwriting. Through our agency with the Lloyd's of London Market, we participate in cargo insurance initiatives to help relieve various global humanitarian crises:

- We provide cargo insurance to companies delivering materials essential for energy project construction, supporting the development and maintenance of vital infrastructure. This includes supplies for the building of renewable energy facilities, such as wind and solar plants.
- To help combat hunger and severe poverty in developing regions, we support a facility covering the secure shipment of food commodities like wheat and corn.
- We provide cargo insurance to global organizations such as UNICEF and UNHCR to support the transportation of essential health and social aid within humanitarian programs.

Environmental Responsibility

One of our core commitments is identifying business opportunities associated with environmentally friendly practices. We develop products and features that address our customers' evolving needs and incentivize responsible environmental behavior, while being priced to meet our long-term financial objectives.

- **Renewable Energy Practice.** Through our general liability practice, our products extend coverage to power generation and renewable energy customers active in solar and wind technology. Our products, services and expertise 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, from research and development to 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 develop insurance products tailored to the specific needs of renewable energy businesses.

- **Onshore Energy Business Unit.** Through our specialty lines and participation in a consortium dedicated to enhancing sustainable efforts, our U.K. Energy Property and Liability team is committed to incentivizing environmentally responsible actions. We offer coverage solutions for risks related to sustainable energy companies, including wind and solar power generation, battery energy storage systems (BESS), biofuels, carbon capture storage (CCS), and other innovative technologies. Our Energy Property and Energy Liability team underwrites end-to-end sustainable energy projects, providing tailored coverage for construction, cargo, and operational needs. We support installing interconnector cables crucial for connecting offshore renewable energy sources to the mainland power grid and offer facilities focused on emerging energy technologies such as hydrogen projects.

- **Surety Bonds for Renewable Energy.** We support projects that accelerate the climate transition through our surety business by focusing on the renewable energy sector. The demand for sustainable energy is increasing, leading to more renewable energy development projects that can be built and tied into the energy grid. We have a dedicated team of Surety underwriters specializing in renewable or lower carbon energy industry products, including solar, wind, BESS, biomass and hydropower opportunities for financial assurance requirements. Arch Surety provides myriad bonds to the renewable energy sector, including performance bonds guaranteeing the construction of solar plants (both light commercial and grid scale), interconnection bonds guaranteeing renewable energy sources are designed and constructed to tie into the grid correctly, and performance bonds that guarantee grid-scale battery storage systems are built and installed to specifications.

- **Green Building and Natural Catastrophe Coverages.** Traditional property policies are designed to provide coverage to rebuild a structure as it existed before a loss, with materials of like kind and quality. If an insured, further to a covered peril, elects to replace its damaged traditional building with sustainable materials, our "Arch Gateway" policy covers the additional costs to achieve at least the minimum requirements, including the cost of sustainable materials, certified professionals, the certification application and transporting debris to recycling facilities.

Our Property team also supports recovery from earthquakes, hurricanes and floods, helping property owners, businesses and communities rebuild quickly. Coverage includes water treatment plants and infrastructure, improving clean water access and preventing of environmental contamination.

■ **Premium Credits Offered in Connection with Commercial Property Coverage.** Arch encourages environmentally responsible behaviors by offering premium credits. Through our risk selection process, insureds can qualify if they:

- **Have or install early fire detection and suppression systems.** Such systems are designed to reduce the frequency and severity of fires.
- **Meet "substantial" building construction standards.** Commercial properties built to withstand wind or earthquakes may have reduced debris disposal at landfills in the event of a loss.
- **Adhere to proper property and equipment maintenance.** The benefits include avoiding fires, floods, mechanical breakdowns or water intrusion leading to mold or contamination, and reduced debris from obsolete equipment.

■ **E&S Casualty Business Unit.** We have more than 15 years of experience delivering solutions for renewable energy clients and brokers within the energy segment. Through our careful risk assessment processes, we tailor coverage to the specific needs of our renewable energy clients in all casualty lines, including primary general liability, auto liability, excess and umbrella. We provide coverage for all sizes and phases of independent power producers, including development, owners' interest construction, construction, operational, idle and maintenance contractors. Our industry appetite includes wind farms, solar farms, renewable energy contractors, ethanol plants, biodiesel plants, waste-to-energy facilities, geothermal production and more alternative energy companies. We support the expansion of the renewable energy industry by providing a safety net for independent power producers.

■ **Retail Energy Business Unit.** Our proprietary general liability and umbrella policy forms and endorsements extend coverage to a variety of energy-related risks, CO2 sequestration risks, and many types of renewable energy risks, as well as product manufacturers, suppliers and other businesses that support the energy industry. These product updates provide additional coverage for pollution-related losses, including certain losses resulting from carbon dioxide sequestration operations and saline substances, and also reduce or exclude coverage for power generation using coal, or for the mining, processing, handling, storage or transportation of coal. Our underwriting and casualty risk control professionals are focused on our customers, and we seek to provide the products, services and expertise needed to help manage risk, avoid accidents and offer support and resources to help customers recover in the event of a loss. In addition, our retail energy unit has

focused on encouraging sustainability integration and disclosures of new and existing customers.

- **Pollution Spills.** Safely operating high-risk energy activities is critical to responsible environmental stewardship. Under our CornerstoneSM products, we offer many of our energy customers protection against pollution events, including coverage for pollution clean-up costs, pollution-related bodily injury and property damage, and specified crisis management expenses. For other customers, including our renewable energy customers, we offer coverage for emergency pollution mitigation costs, pollution-related bodily injury and property damage, and specified crisis management expenses. Through our CornerstoneSM policy we provide specific coverage enhancements for many types of pollution events to allow our customers to more rapidly address and help minimize the severity of environmental impact from a pollution incident.

- **Well-Control Events.** To address potentially significant impacts on our customers, their employees and the environment, we have partnered with a third-party vendor to offer our customers best practice oil and gas well-control training, emergency response plans and incident response. For applicable customers, we also offer access to a telephone hotline that connects them with a well-control professional who can provide steps to manage well pressure to avoid a well blowout.

- **Sustainability Advisory Services.** Through an alliance with a third-party vendor, we offer our public and private energy customers access to a sustainability consulting team that provides actionable insights to companies navigating the sustainability disclosure landscape.

■ **Environmentally Focused Property Risk Control Services.** The Arch Property Risk Control platform also provides support and training to our insureds, including hot work (welding and/or flame cutting), fire impairment protocols, and best practices. In addition, we provide support for emergency response planning, flood emergency response plan development, hurricane preparedness and safe solar panel installation.

Financed Emissions

FN-IN-410c.1

Absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3

The European Union’s Corporate Sustainability Reporting Directive (CSRD) expands the scope of sustainability reporting obligations to European-listed companies and other companies (including (re)insurers) meeting certain applicability criteria. Among the reporting requirements, in-scope companies are required to calculate their financed emissions. Arch subsidiaries, Arch Reinsurance Europe Underwriting Designated Activity Company and its two U.K. subsidiaries (collectively, ARE), are in scope for FY 2024 CSRD reporting commencing in 2025. The respective sustainability statement of these three Arch subsidiaries (the Sustainability Statement) reports absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3, subject to external limited assurance. CSRD reporting obligations for additional Arch companies are expected to commence in the future.

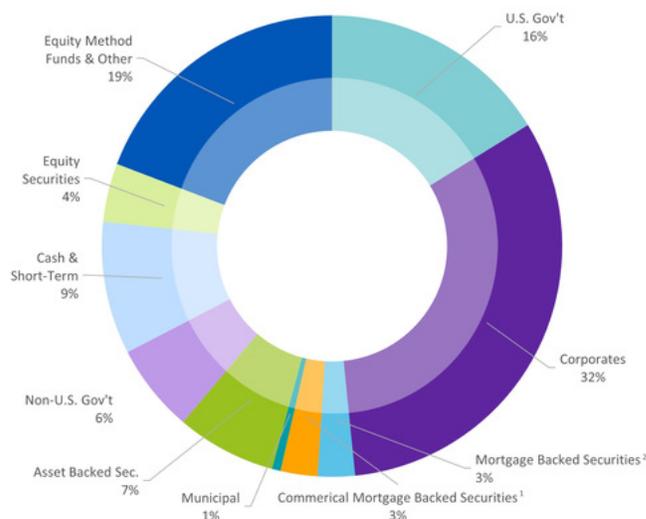
FN-IN-410c.2

Gross exposure for each industry by asset class

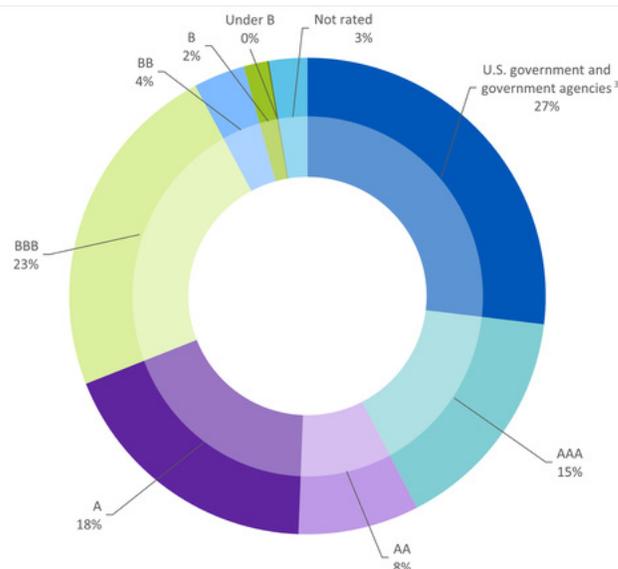
We believe integrating sustainability factors into investment analysis may contribute to improved returns and reduced risks over the long term and align with our stakeholders' best interests. We manage our investment portfolio with an understanding that the portfolio is designed to ensure an ongoing ability to pay claims when due. As a long-term asset manager and owner, we integrate sustainability factors into investment analysis and decision-making. Through our fundamental analysis, we incorporate investee companies' sustainability risk ratings, including corporate governance, climate risk exposure, carbon reduction and workforce policies.

We deliver a total return for Arch while potentially realizing added benefits when investing to create a positive societal benefit. For a discussion of our investment portfolio, [see Item 7, pages 67-98, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition—Investable Assets, Liquidity and Capital Resources" in our 2024 Annual Report](#). As of Dec. 31, 2024, approximately 77% of our total investable assets were invested in fixed maturity, short-term investments and cash. The portfolio is diversified across sectors, with investment-grade corporates and U.S. government securities representing the two largest sectors. The portfolio's average S&P/Moody's credit rating was AA-/Aa3.

INVESTMENTS BY TYPE



Fixed Maturities by Rating



¹ CMBS = Commercial mortgage-backed securities.

² MBS = Mortgage-backed securities.

³ Includes U.S. government-sponsored agency MBS and agency CMBS.

FN-IN-410c.3

Percentage of gross exposure included in the financed emissions calculation

Certain Arch subsidiaries are in scope for FY 2024 for CSRD reporting commencing in 2025. The Sustainability Statement for these three subsidiaries reports portfolio coverage, subject to external limited assurance. CSRD reporting obligations for additional Arch companies may commence in future periods.

FN-IN-410c.4

Description of the methodology used to calculate financed emissions

Our methodology for calculating financed emissions is guided by the principles and standards set forth by the Partnership for Carbon Accounting Financials and the Greenhouse Gas Protocol. These frameworks provide robust, standardized methods to measure and disclose the greenhouse gas emissions associated with our investment activities.

Certain Arch subsidiaries are in scope for FY 2024 for CSRD reporting commencing in 2025. The Sustainability Statement for these three subsidiaries reports our portfolio emissions calculation, methodology and assumptions, subject to external limited assurance. CSRD reporting obligations for additional Arch companies may commence in future periods.

Environmental Risk Exposure

FN-IN-450a.1

Probable maximum loss of insured products from weather-related natural catastrophes

We operate leading specialty property and casualty and mortgage insurance businesses across a range of geographical locations and product offerings, providing meaningful diversification and earnings stability. In all, 93% of our total net premiums written in 2024 were from our property and casualty business, while 7% originated from our mortgage insurance business. For a detailed allocation of our net written premiums, refer to the accompanying graph below.

We have large aggregate exposures to natural catastrophic events, including hurricanes, floods, wildfires, tsunamis, windstorms, earthquakes, hailstorms, tornadoes, explosions, severe winter weather, fires, droughts and other natural disasters. We monitor our exposure to catastrophic events, including earthquakes and wind and periodically reevaluate the estimated probable maximum pre-tax loss for such exposures. Our estimated probable maximum pre-tax loss is determined by using modeling techniques, but such an estimate does not represent our total potential loss for such exposures. Our models employ proprietary and vendor-

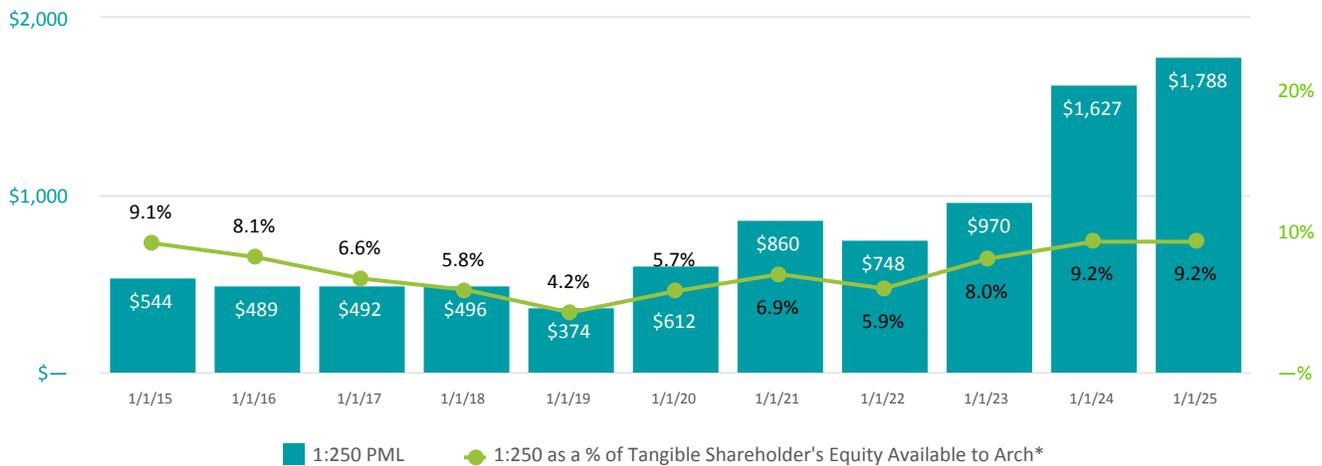
based models to inform risk assumption and reinsurance purchasing decisions designed to manage our exposure to catastrophic events. We actively monitor and evaluate the impact of changes in the vendor-based systems and adjust our risk evaluation as necessary. As new information and techniques emerge, we update our proprietary models, which are integral to our enterprise risk management process and support our long-term financial strategies and objectives.

For our natural catastrophe-exposed business, we limit the amount of exposure we assume from any single insured. We limit the probable maximum pre-tax loss to a specific level for severe catastrophic events. Currently, we limit our 1-in-250-year return period net probable maximum loss (PML) from a severe catastrophic event in any geographic zone to approximately 25% of tangible shareholders' equity available to Arch (total shareholders' equity available to Arch less goodwill and intangible assets). We reserve the right to change this threshold at any time.

Based on in-force exposure estimated as of Jan. 1, 2025, our modeled peak zone catastrophe exposure is a windstorm affecting the Florida Tri-County area, with a net probable maximum pre-tax loss of \$1.8 billion, followed by windstorms affecting the Northeast U.S. and the Gulf of Mexico with net probable maximum pre-tax losses of \$1.7 billion and \$1.5 billion, respectively. As of Jan. 1, 2025, our modeled peak zone earthquake exposure (San Francisco, California, area earthquake) represented approximately 57% of our peak zone catastrophe exposure, and our modeled peak zone international exposure (German windstorm) was substantially less than our peak zone windstorm and earthquake exposures. Refer to the chart on the next page of our peak zone PML for additional context regarding our estimates of changing exposure to natural catastrophes in our portfolio over time.

Net PML estimates are net of expected reinsurance recoveries before income tax and before excess reinsurance reinstatement premiums. Catastrophe loss estimates reflect the zone indicated and not the entire portfolio. Since hurricanes and windstorms can affect more than one zone and make multiple landfalls, our catastrophe loss estimates include clash estimates from other zones.

ACGL PEAK ZONE 1:250 PML (\$M)



(U.S. Dollars in Millions)	December 31,											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Total shareholders' equity available to Arch	6,092	6,167	8,254	9,197	9,440	11,497	13,106	13,546	12,910	18,353	20,820	
Less: goodwill and intangible assets	110	98	775	646	628	731	682	942	802	730	1,351	
Tangible shareholders' equity available to Arch	5,982	6,069	7,479	8,551	8,812	10,766	12,424	12,604	12,108	17,623	19,469	

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)

The table displays the estimated net losses incurred from current accident year natural catastrophe events for our insurance and reinsurance segments for the last three years, after considering ceded reinsurance and reinstatement premiums. Note these are estimates as of Dec. 31 of each year for events occurring in that year, corresponding to the catastrophe figures reported in our Financial Supplements, which are available on the Investors page of our [website](#). See also the chart in Section FN-IN-450a.1 of our peak zone PML for additional context regarding our estimates of changing exposure to natural catastrophes in our portfolio over time.

(\$M)	Accident Year		
	2024	2023	2022
Insurance	\$ 296	\$ 126	\$ 201
Reinsurance	793	368	470
Total	\$ 1,089	\$ 494	\$ 671

Arch does not distinguish between modeled/non-modeled losses and does not find that to be a meaningful distinction.

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

The Nominating and Governance Committee of our Board of Directors (Board) oversees sustainability matters. Executive Management and our sustainability team are responsible for the management and coordination of Arch's sustainability efforts, including the integration of climate change in our corporate strategy. Climate-related risks are evaluated and monitored regularly in our underwriting and risk management processes. [See also pages 11-12 of our 2023 Sustainability Report for more information on our risk oversight.](#)

We consider climate risk (physical, liability and transition risk) alongside all other relevant risks (e.g., underwriting, investment and operational) and perils in our evaluation process. We look at the impact of climate factors in the near and long term. Risks tied to climate change are articulated and addressed in our [Task Force for Climate-related Financial Disclosures Report](#), our entity-wide risk register and our annual Own Risk and Solvency Assessment (ORSA).

Climate change could impact the frequency or severity of weather events such as hurricanes, tornado activity, windstorms, floods and wildfires. Any increase in the frequency or severity of natural disasters may adversely affect our financial condition and results. We use various modeling methods, some proprietary and some using third-party computer models, to inform our underwriting and reinsurance decisions and manage our aggregate exposure to climate risk and catastrophic events. The exposures include those from natural catastrophes such as hurricanes, earthquakes, typhoons, floods and wildfires. The output of our modeling keeps our management informed of peak high-risk zones and insurance policies with exposure to a risk of a substantial loss from a catastrophic event.

The underwriting process is tailored by its nature to reflect the unique characteristics of the underlying risk. In addition to natural catastrophe exposures, we may factor other related environmental risk characteristics into our underwriting process. As underlying drivers of risk change, such as those from environmental causes, we reflect the changed riskiness in our pricing and overall risk appetite. We may limit risk through contract endorsements and/or exclusions in certain circumstances.

One key risk metric we incorporate in our underwriting decisions is a target return on capital. Riskier contracts require a higher return on capital and consequently higher prices. This enables us to manage risk across our portfolio to an acceptable level and allocate capital efficiently. Our target returns on capital are based on an overall view of the group's required risk capital and capital adequacy. We monitor capital adequacy against required capital on an ongoing basis and report the results quarterly to our Board. In addition, we perform an annual ORSA process focused specifically on risk governance, firm-wide risks and capital adequacy. The resulting ORSA report is provided to our Board and regulators.

Additional details about our services, products and product features that address our customers' evolving needs and incentivize responsible environmental behaviors can be found in [FN-IN-410b.2](#).

Systemic Risk Management

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

At Dec. 31, 2024, the total investable assets held by Arch were \$41.4 billion. Our current investment guidelines and our investment approach stress the preservation of capital, market liquidity and risk diversification. The portfolio consists primarily of high-quality fixed-income securities, with fixed maturities, short-term investments and cash representing 77%, an average effective duration on our fixed income portfolio of 3.31 years and average S&P/Moody's credit rating of AA-/Aa3. Additional details about the investment portfolio can be found in the ["Investable Assets Held by Arch" section of "Financial Condition" in Item 7, pages 86-88 in our 2024 Annual Report.](#)

The Company's investment strategy allows for derivative instruments, which are recorded on consolidated balance sheets at fair value. Arch uses various derivative instruments such as futures contracts to enhance investment performance, replicate investment positions or manage market exposures and duration risk that would be allowed under our investment guidelines if implemented in other ways.

Certain of the Company's investments are managed in portfolios that use foreign currency forward contracts, which provide an economic hedge against foreign currency movements. See note 11, "Derivative Instruments," in our consolidated financial statements, Item 8, pages 150-151, of our 2024 Annual Report for additional disclosures concerning derivatives.

The estimated fair value and notional values of the Company's derivative instruments at Dec. 31, 2024, are summarized in the chart:

	Estimated Fair Value		
	Asset Derivatives ¹	Liability Derivatives ¹	Notional Value ²
Futures contracts ³	\$ 78	\$ (46)	\$ 4,781
Foreign currency forward contracts ⁴	90	(48)	1,698
Other ⁴	38	(21)	236
Total	\$ 206	\$ (115)	

- 1 The fair value of asset derivatives is included in 'other assets' and the fair value of liability derivatives is included in 'other liabilities.'
- 2 Represents the absolute notional value of all outstanding contracts, consisting of long and short positions.
- 3 Represents centrally cleared derivatives.
- 4 Represents non-centrally cleared derivatives.

FN-IN-550a.2

Total fair value of securities lending collateral assets

Not applicable to Arch.

FN-IN-550a.3

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

Arch's Enterprise Risk Management (ERM) framework encompasses all entities across the group. We have a number of non-insurance company entities performing various administrative and non-insurance support functions for Arch and certain subsidiaries. Additionally, an entity purchases residential mortgage loans for sale or securitization.

As a large property and casualty and mortgage insurance enterprise, we are exposed to risks from many sources. There are certain risks we seek for return, while other risks we accept as a by-product of being in business. Because certain risks can be correlated with other risks, the impact of an event or a series of events can aggregate across multiple areas simultaneously and have a material effect on our operations, financial position and/or liquidity. These exposures require an enterprise-wide view of risk concerning the potential impact on all aspects of our operations. To create and preserve value for all stakeholders, we manage our risk-taking within our stated risk appetites.

ERM activities involve identifying and assessing a broad range of risks, monitoring those risks and executing strategies to manage those risks. Effective ERM also includes determining our capital requirements to support the risks from economic, financial and regulatory perspectives.

Our Board oversees and monitors enterprise risk to support our long-term financial strategies and objectives. Executive management has day-to-day responsibility for our operations' risk management. Our Chief Risk Officer is responsible for risk management in support of executive management. Our risk management framework is reviewed and approved at least annually to align with our risk profile.

We expect our liquidity needs, including anticipated insurance obligations, operating and capital expenditure needs, will be met by cash flow available from underwriting activities and investment income, cash and proceeds from liquid investments.

Activity Metric

FN-IN-000.A

Number of policies in force, by segment

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

U.S. Mortgage Insurance. We report policies-in-force data quarterly for our U.S. primary mortgage insurance operations. Information regarding our policies in force for 2023 and 2024 is disclosed in the table below:

Mortgage Insurance	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024
Ending number of policies in force *	1,147,081	1,138,681	1,129,351	1,117,480	1,104,746	1,123,698	1,114,251	1,100,653
Change from prior year quarter (%)	(1.0)%	(2.5)%	(3.4)%	(3.7)%	(3.7)%	(1.3)%	(1.3)%	(1.5)%
Change from prior quarter (%)	(1.1)%	(0.7)%	(0.8)%	(1.1)%	(1.1)%	1.7 %	(0.8)%	(1.2)%

* Includes first-lien primary and pool policies.