

REFINITIV

DELTA REPORT

10-Q

ACGLN - ARCH CAPITAL GROUP LTD.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	5330
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 CHANGES	402
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 DELETIONS	4448
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 ADDITIONS	480
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-16209

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ARCH CAPITAL GROUP LTD.

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of incorporation or organization)

98-0374481

(I.R.S. Employer Identification No.)

Waterloo House, Ground Floor

100 Pitts Bay Road, Pembroke HM 08, Bermuda

(Address of principal executive offices)

(441) 278-9250

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol (s)	Name of each exchange on which	
		registered	
Common shares, \$0.0011 par value per share	ACGL	NASDAQ	Stock Market
Depository shares, each representing a 1/1000th interest in a 5.45% Series F preferred share	ACGLO	NASDAQ	Stock Market
Depository shares, each representing a 1/1000th interest in a 4.55% Series G preferred share	ACGLN	NASDAQ	Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of **November 6, 2023** **May 3, 2024**, there were **373,171,909** **375,494,237** common shares, \$0.0011 par value per share, of the registrant outstanding.

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PART I. FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 ("PSLRA") provides a "safe harbor" for forward-looking statements. This report or any other written or oral statements made by or on behalf of us may include forward-looking statements, which reflect our current views with respect to future events and financial performance. 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.

Forward-looking statements involve our current assessment of risks and uncertainties. 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 are discussed below and elsewhere in this report and in our periodic reports filed with the Securities and Exchange Commission ("SEC"), and include:

- our ability to successfully implement our business strategy during "soft" as well as "hard" markets;
- acceptance of our business strategy, security and financial condition by rating agencies and regulators, as well as by brokers and our insureds and reinsureds;
- our ability to consummate acquisitions and integrate the business we have acquired or may acquire into our existing operations;
- our ability to maintain or improve our ratings, which may be affected by our ability to raise additional equity or debt financings, by ratings agencies' existing or new policies and practices, as well as other factors described herein;

- general economic and market conditions (including inflation, interest rates, unemployment, housing prices, foreign currency exchange rates, prevailing credit terms and the depth and duration of a recession, including those resulting from COVID-19) and conditions specific to the reinsurance and insurance markets in which we operate;
- competition, including increased competition, on the basis of pricing, capacity (including alternative sources of capital), coverage terms, or other factors;
- developments in the world's financial and capital markets and our access to such markets;
- our ability to successfully enhance, integrate and maintain operating procedures (including information technology) to effectively support our current and new business;
- the loss and addition of key personnel;
- material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements;
- accuracy of those estimates and judgments utilized in the preparation of our financial statements, including those related to revenue recognition, insurance and other reserves, reinsurance recoverables, investment valuations, intangible assets, bad debts, income taxes, **deferred income tax assets**, contingencies and litigation, and any determination to use the deposit method of accounting;
- greater than expected loss ratios on business written by us and adverse development on claim and/or claim expense liabilities related to business written by our insurance, reinsurance and mortgage subsidiaries;
- the adequacy of the Company's loss reserves;
- severity and/or frequency of losses;
- greater frequency or severity of unpredictable natural and man-made catastrophic events;
- claims for natural or man-made catastrophic events or severe economic events in our insurance, reinsurance and mortgage businesses could cause large losses and substantial volatility in our results of operations;
- the effect of climate change on our business;
- the effect of contagious diseases (including COVID-19) on our business;

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- acts of terrorism, political unrest and other hostilities or other unforecasted and unpredictable events;

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- availability to us of reinsurance to manage our gross and net exposures and the cost of such reinsurance;
- the failure of reinsurers, managing general agents, third party administrators or others to meet their obligations to us;
- the timing of loss payments being faster or the receipt of reinsurance recoverables being slower than anticipated by us;
- our investment performance, including legislative or regulatory developments that may adversely affect the fair value of our investments;
- changes in general economic conditions, including sovereign debt concerns or downgrades of U.S. securities by credit rating agencies, which could affect our business, financial condition and results of operations;
- the volatility of our shareholders' equity from foreign currency fluctuations, which could increase due to us not matching portions of our projected liabilities in foreign currencies with investments in the same currencies;
- changes in accounting principles or policies or in our application of such accounting principles or policies;
- changes in the political environment of certain countries in which we operate or underwrite business;

- a an incident, disruption in operations or other cyber event caused by cyber attacks, the use of artificial intelligence technologies or other technology breaches on our systems or failures on us or those of our business partners and service providers, which could negatively impact our business and/or expose us to litigation;
- statutory or regulatory developments, including as to tax matters and insurance and other regulatory matters such as the adoption of proposed legislation that would affect Bermuda-headquartered companies and/or Bermuda-based insurers or reinsurers and/or changes in regulations or tax laws applicable to us, our subsidiaries, brokers or customers, including the implementation of the Organization for Economic Cooperation and Development ("OECD") Pillar I and Pillar II initiatives and the possible enactment of a recently proposed Bermuda corporate income tax; and
- the other matters set forth under Item 1A "Risk Factors," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as well as the other factors set forth in our other documents on file with the SEC, and management's response to any of the aforementioned factors.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. We The Company's forward-looking statements speak only as of the date of this report or as of the date they are made, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars and shares in millions)

(Unaudited)		
September	December	
30,	31,	
2023	2022	
(Unaudited)		(Unaudited)

March 31, 2024		March 31, 2024		December 31, 2023	
Assets	Assets	Assets			
Investments:	Investments:	Investments:			
Fixed maturities available for sale, at fair value (amortized cost: \$23,882 and \$21,282; net of allowance for credit losses: \$57 and \$41)	\$ 22,485	\$ 19,683			
Short-term investments available for sale, at fair value (amortized cost: \$1,680 and \$1,333; net of allowance for credit losses: \$0 and \$0)	1,682	1,332			
Fixed maturities available for sale, at fair value (amortized cost: \$24,338 and \$24,131; net of allowance for credit losses: \$32 and \$28)					
Short-term investments available for sale, at fair value (amortized cost: \$2,143 and \$2,064; net of allowance for credit losses: \$0 and \$0)					
Equity securities, at fair value	Equity securities, at fair value	894	860		
Equity securities, at fair value					
Equity securities, at fair value					
Other investments, at fair value					
Other investments, at fair value					
Other investments, at fair value	Other investments, at fair value	2,068	1,644		
Investments accounted for using the equity method	Investments accounted for using the equity method	4,251	3,774		
Total investments	Total investments	31,380	27,293		
Cash	Cash	859	855		
Cash					
Cash					
Accrued investment income	Accrued investment income	217	159		
Investment in operating affiliates	Investment in operating affiliates	1,000	965		
Premiums receivable (net of allowance for credit losses: \$34 and \$35)		4,937	3,625		
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses (net of allowance for credit losses: \$23 and \$22)		6,821	6,564		
Investment in operating affiliates					

Investment in operating affiliates			
Premiums receivable (net of allowance for credit losses: \$32 and \$34)			
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses (net of allowance for credit losses: \$16 and \$21)			
Contractholder receivables (net of allowance for credit losses: \$3 and \$3)	Contractholder receivables (net of allowance for credit losses: \$3 and \$3)	1,805	1,731
Ceded unearned premiums	Ceded unearned premiums	2,444	1,799
Deferred acquisition costs	Deferred acquisition costs	1,483	1,264
Receivable for securities sold	Receivable for securities sold	59	12
Goodwill and intangible assets	Goodwill and intangible assets	739	804
Other assets	Other assets	3,483	2,919
Other assets			
Other assets			
Total assets	Total assets	\$ 55,227	\$ 47,990
Liabilities	Liabilities		
Liabilities			
Liabilities			
Reserve for losses and loss adjustment expenses			
Reserve for losses and loss adjustment expenses			
Reserve for losses and loss adjustment expenses	Reserve for losses and loss adjustment expenses	\$ 21,836	\$ 20,032
Unearned premiums	Unearned premiums	9,074	7,337
Reinsurance balances payable	Reinsurance balances payable	2,215	1,530
Contractholder payables	Contractholder payables	1,807	1,734
Collateral held for insured obligations	Collateral held for insured obligations	274	249
Senior notes	Senior notes	2,726	2,725
Payable for securities purchased	Payable for securities purchased	417	95
Payable for securities purchased			
Payable for securities purchased			
Other liabilities	Other liabilities	1,637	1,367

Total liabilities	Total liabilities	39,986	35,069
Commitments and contingencies (refer to Note 10)	Commitments and contingencies (refer to Note 10)		
Commitments and contingencies (refer to Note 10)			
Commitments and contingencies (refer to Note 10)			
Redeemable noncontrolling interests	Redeemable noncontrolling interests	2	11
Shareholders' Equity	Shareholders' Equity		
Shareholders' Equity			
Shareholders' Equity			
Non-cumulative preferred shares			
Non-cumulative preferred shares			
Non-cumulative preferred shares	Non-cumulative preferred shares	830	830
Common shares (\$0.0011 par, shares issued: 591.4 and 588.3)	Common shares (\$0.0011 par, shares issued: 591.4 and 588.3)	1	1
Common shares (\$0.0011 par, shares issued: 594.3 and 591.9)			
Common shares (\$0.0011 par, shares issued: 594.3 and 591.9)			
Common shares (\$0.0011 par, shares issued: 594.3 and 591.9)			
Additional paid-in capital	Additional paid-in capital	2,297	2,211
Retained earnings	Retained earnings	17,971	15,892
Accumulated other comprehensive income (loss), net of deferred income tax	Accumulated other comprehensive income (loss), net of deferred income tax	(1,453)	(1,646)
Common shares held in treasury, at cost (shares: 218.3 and 217.9)	Common shares held in treasury, at cost (shares: 218.3 and 217.9)	(4,407)	(4,378)
Common shares held in treasury, at cost (shares: 219.0 and 218.5)			
Total shareholders' equity available to Arch	Total shareholders' equity available to Arch	15,239	12,910
Total liabilities, noncontrolling interests and shareholders' equity	Total liabilities, noncontrolling interests and shareholders' equity	\$ 55,227	\$ 47,990
Total liabilities, noncontrolling interests and shareholders' equity			

Total liabilities, noncontrolling
interests and shareholders'
equity

See Notes to Consolidated Financial Statements

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ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars and shares in millions, except per share data)

		(Unaudited)		(Unaudited)	
		(Unaudited)		(Unaudited)	
		(Unaudited)		(Unaudited)	
		(Unaudited)		(Unaudited)	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		March 31,		March 31,	
		March 31,		March 31,	
		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023		2023	
		2022		2022	
Revenues	Revenues				
Revenues					
Revenues					
Net premiums earned					
Net premiums earned					
Net premiums earned	Net premiums earned	\$ 3,248	\$ 2,471	9,096	6,918
Net investment income	Net investment income	269	129	710	315
Net investment income					
Net investment income					
Net realized gains (losses)					
Net realized gains (losses)					
Net realized gains (losses)	Net realized gains (losses)	(248)	(184)	(354)	(743)
Other underwriting income	Other underwriting income	5	3	21	12
Other underwriting income					
Other underwriting income					
Equity in net income (loss) of investment funds accounted for using the equity method					
Equity in net income (loss) of investment funds accounted for using the equity method					

Equity in net income (loss) of investment funds accounted for using the equity method	Equity in net income (loss) of investment funds accounted for using the equity method	59	(19)	176	75
Other income (loss)	Other income (loss)	(4)	(14)	10	(35)
Other income (loss)					
Other income (loss)					
Total revenues					
Total revenues					
Total revenues	Total revenues	3,329	2,386	9,659	6,542
Expenses	Expenses				
Expenses					
Expenses					
Losses and loss adjustment expenses					
Losses and loss adjustment expenses					
Losses and loss adjustment expenses	Losses and loss adjustment expenses	1,647	1,683	4,609	3,787
Acquisition expenses	Acquisition expenses	575	448	1,669	1,239
Acquisition expenses					
Acquisition expenses					
Other operating expenses					
Other operating expenses					
Other operating expenses	Other operating expenses	310	275	942	842
Corporate expenses	Corporate expenses	20	18	71	78
Corporate expenses					
Corporate expenses					
Amortization of intangible assets					
Amortization of intangible assets					
Amortization of intangible assets	Amortization of intangible assets	24	26	71	80
Interest expense	Interest expense	34	33	99	99
Interest expense					
Interest expense					
Net foreign exchange (gains) losses	Net foreign exchange (gains) losses	(22)	(91)	1	(183)
Net foreign exchange (gains) losses					
Net foreign exchange (gains) losses					
Total expenses					
Total expenses					
Total expenses	Total expenses	2,588	2,392	7,462	5,942
Income (loss) before income taxes and income (loss) from operating affiliates	Income (loss) before income taxes and income (loss) from operating affiliates				
Income (loss) before income taxes and income (loss) from operating affiliates	Income (loss) before income taxes and income (loss) from operating affiliates	741	(6)	2,197	600
Income (loss) before income taxes and income (loss) from operating affiliates					
Income (loss) before income taxes and income (loss) from operating affiliates					
Income tax (expense) benefit					
Income tax (expense) benefit					

Income tax (expense) benefit	Income tax (expense) benefit				
		(72)	15	(203)	(19)
Income (loss) from operating affiliates	Income (loss) from operating affiliates				
		54	9	115	39
Income (loss) from operating affiliates					
Income (loss) from operating affiliates					
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss)	\$ 723	\$ 18	\$ 2,109	\$ 620
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests				
		—	(1)	—	(3)
Net (income) loss attributable to noncontrolling interests					
Net (income) loss attributable to noncontrolling interests					
Net income (loss) available to Arch	Net income (loss) available to Arch	723	17	2,109	617
Net income (loss) available to Arch					
Net income (loss) available to Arch					
Preferred dividends					
Preferred dividends					
Preferred dividends	Preferred dividends	(10)	(10)	(30)	(30)
Net income (loss) available to Arch common shareholders	Net income (loss) available to Arch common shareholders				
		\$ 713	\$ 7	\$ 2,079	\$ 587
Net income (loss) available to Arch common shareholders					
Net income (loss) available to Arch common shareholders					
Net income per common share and common share equivalent					
Net income per common share and common share equivalent					
Net income per common share and common share equivalent	Net income per common share and common share equivalent				
Basic	Basic	\$ 1.93	\$ 0.02	\$ 5.64	\$ 1.59
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	\$ 1.88	\$ 0.02	\$ 5.50	\$ 1.55
Weighted average common shares and common share equivalents outstanding	Weighted average common shares and common share equivalents outstanding				
Weighted average common shares and common share equivalents outstanding					

Weighted average common shares and common share equivalents outstanding					
Basic					
Basic					
Basic	Basic	369.2	365.2	368.4	369.5
Diluted	Diluted	379.4	373.7	378.3	378.4
Diluted					
Diluted					

See Notes to Consolidated Financial Statements

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ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(U.S. dollars in millions)

		(Unaudited)		(Unaudited)	
		(Unaudited)		(Unaudited)	
		(Unaudited)		(Unaudited)	
		(Unaudited)		(Unaudited)	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		March 31,		March 31,	
		March 31,		March 31,	
		March 31,		March 31,	
		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023		2023	
		2022		2022	
Comprehensive Income	Comprehensive Income				
Comprehensive Income					
Comprehensive Income					
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss)	\$ 723	\$ 18	\$ 2,109	\$ 620
Other comprehensive income (loss), net of deferred income tax	Other comprehensive income (loss), net of deferred income tax				
Other comprehensive income (loss), net of deferred income tax					
Other comprehensive income (loss), net of deferred income tax					
Unrealized appreciation (decline) in value of available-for-sale investments:	Unrealized appreciation (decline) in value of available-for-sale investments:				
Unrealized appreciation (decline) in value of available-for-sale investments:					

Unrealized appreciation (decline) in value of available-for-sale investments:					
Unrealized holding gains (losses) arising during period					
Unrealized holding gains (losses) arising during period					
Unrealized holding gains (losses) arising during period	Unrealized holding gains (losses) arising during period	(190)	(610)	(118)	(1,892)
Reclassification of net realized (gains) losses, included in net income (loss)	Reclassification of net realized (gains) losses, included in net income (loss)	96	46	344	206
Reclassification of net realized (gains) losses, included in net income (loss)					
Reclassification of net realized (gains) losses, included in net income (loss)					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Foreign currency translation adjustments	Foreign currency translation adjustments	(40)	(70)	(33)	(141)
Comprehensive income (loss)	Comprehensive income (loss)	589	(616)	2,302	(1,207)
Comprehensive income (loss)					
Comprehensive income (loss)					
Net (income) loss attributable to noncontrolling interests					
Net (income) loss attributable to noncontrolling interests					
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	—	(1)	—	(3)
Comprehensive income (loss) available to Arch	Comprehensive income (loss) available to Arch	\$ 589	\$ (617)	\$ 2,302	\$ (1,210)
Comprehensive income (loss) available to Arch					
Comprehensive income (loss) available to Arch					

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in millions)

(Unaudited)	(Unaudited)
(Unaudited)	
(Unaudited)	
(Unaudited)	
Three Months Ended	

Three Months Ended				
Three Months Ended				
March 31,				
March 31,				
March 31,				
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Non-cumulative preferred shares	Non-cumulative preferred shares			
Non-cumulative preferred shares				
Non-cumulative preferred shares				
Balance at beginning and end of period				
Balance at beginning and end of period				
Balance at beginning and end of period	Balance at beginning and end of period	\$ 830	\$ 830	\$ 830
Common shares	Common shares			
Common shares				
Common shares				
Balance at beginning and end of period				
Balance at beginning and end of period				
Balance at beginning and end of period	Balance at beginning and end of period	1	1	1
Additional paid-in capital	Additional paid-in capital			
Additional paid-in capital				
Additional paid-in capital				
Balance at beginning of period				
Balance at beginning of period				
Balance at beginning of period	Balance at beginning of period	2,278	2,170	2,211
Amortization of share-based compensation	Amortization of share-based compensation	15	14	73
Amortization of share-based compensation				
Amortization of share-based compensation				
Other changes	Other changes	4	3	13
Other changes				
Other changes				
Balance at end of period				
Balance at end of period				
Balance at end of period	Balance at end of period	2,297	2,187	2,297
Retained earnings	Retained earnings			
Retained earnings				
Retained earnings				
Balance at beginning of period				
Balance at beginning of period				
Balance at beginning of period	Balance at beginning of period	17,258	15,036	15,892
Net income (loss)	Net income (loss)	723	18	2,109
Net income (loss)				
Net income (loss)				

Net income (loss)					
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	—	(1)	—	(3)
Net (income) loss attributable to noncontrolling interests					
Net (income) loss attributable to noncontrolling interests					
Preferred share dividends					
Preferred share dividends					
Preferred share dividends	Preferred share dividends	(10)	(10)	(30)	(30)
Balance at end of period	Balance at end of period	17,971	15,043	17,971	15,043
Balance at end of period					
Balance at end of period					
Accumulated other comprehensive income (loss), net of deferred income tax					
Accumulated other comprehensive income (loss), net of deferred income tax					
Accumulated other comprehensive income (loss), net of deferred income tax	Accumulated other comprehensive income (loss), net of deferred income tax				
Balance at beginning of period	Balance at beginning of period	(1,319)	(1,258)	(1,646)	(65)
Balance at beginning of period					
Balance at beginning of period					
Unrealized appreciation (decline) in value of available-for-sale investments, net of deferred income tax:	Unrealized appreciation (decline) in value of available-for-sale investments, net of deferred income tax:				
Unrealized appreciation (decline) in value of available-for-sale investments, net of deferred income tax:					
Unrealized appreciation (decline) in value of available-for-sale investments, net of deferred income tax:					
Balance at beginning of period					
Balance at beginning of period					
Balance at beginning of period	Balance at beginning of period	(1,192)	(1,109)	(1,512)	13
Unrealized holding gains (losses) during period, net of reclassification adjustment	Unrealized holding gains (losses) during period, net of reclassification adjustment	(94)	(564)	226	(1,686)
Unrealized holding gains (losses) during period, net of reclassification adjustment					
Unrealized holding gains (losses) during period, net of reclassification adjustment					
Balance at end of period					
Balance at end of period					

Balance at end of period	Balance at end of period	(1,286)	(1,673)	(1,286)	(1,673)
Foreign currency translation adjustments, net of deferred income tax:	Foreign currency translation adjustments, net of deferred income tax:				
Foreign currency translation adjustments, net of deferred income tax:	Foreign currency translation adjustments, net of deferred income tax:				
Balance at beginning of period	Balance at beginning of period				
Balance at beginning of period	Balance at beginning of period				
Balance at beginning of period	Balance at beginning of period	(127)	(149)	(134)	(78)
Foreign currency translation adjustments	Foreign currency translation adjustments	(40)	(70)	(33)	(141)
Foreign currency translation adjustments	Foreign currency translation adjustments				
Foreign currency translation adjustments	Foreign currency translation adjustments				
Balance at end of period	Balance at end of period				
Balance at end of period	Balance at end of period				
Balance at end of period	Balance at end of period				
Balance at end of period	Balance at end of period	(167)	(219)	(167)	(219)
Balance at end of period	Balance at end of period	(1,453)	(1,892)	(1,453)	(1,892)
Common shares held in treasury, at cost	Common shares held in treasury, at cost				
Common shares held in treasury, at cost	Common shares held in treasury, at cost				
Common shares held in treasury, at cost	Common shares held in treasury, at cost				
Balance at beginning of period	Balance at beginning of period				
Balance at beginning of period	Balance at beginning of period				
Balance at beginning of period	Balance at beginning of period	(4,407)	(4,361)	(4,378)	(3,761)
Shares repurchased for treasury	Shares repurchased for treasury	—	(12)	(29)	(612)
Shares repurchased for treasury	Shares repurchased for treasury				
Shares repurchased for treasury	Shares repurchased for treasury				
Balance at end of period	Balance at end of period				
Balance at end of period	Balance at end of period				
Balance at end of period	Balance at end of period	(4,407)	(4,373)	(4,407)	(4,373)
Total shareholders' equity	Total shareholders' equity	\$ 15,239	\$ 11,796	\$ 15,239	\$ 11,796
Total shareholders' equity	Total shareholders' equity				
Total shareholders' equity	Total shareholders' equity				

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in millions)

		(Unaudited)			
		Nine Months Ended			
		September 30,			
				(Unaudited)	(Unaudited)
				Three Months Ended	Three Months Ended
				March 31,	March 31,
		2023	2022	2024	2023
Operating Activities	Operating Activities	Operating Activities			
Net income (loss)	Net income (loss)	\$ 2,109	\$ 620		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Net realized (gains) losses	Net realized (gains) losses	367	742		
Net realized (gains) losses					
Net realized (gains) losses					
Equity in net (income) or loss of investment funds accounted for using the equity method and other income or loss					
Equity in net (income) or loss of investment funds accounted for using the equity method and other income or loss					
Equity in net (income) or loss of investment funds accounted for using the equity method and other income or loss					
Equity in net (income) or loss of investment funds accounted for using the equity method and other income or loss	Equity in net (income) or loss of investment funds accounted for using the equity method and other income or loss	(104)	107		
Amortization of intangible assets	Amortization of intangible assets	71	80		
Share-based compensation	Share-based compensation	73	80		
Changes in:	Changes in:				

Reserve for losses and loss adjustment expenses, net of unpaid losses and loss adjustment expenses recoverable	Reserve for losses and loss adjustment expenses, net of unpaid losses and loss adjustment expenses recoverable	1,604	1,554
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Reserve for losses and loss adjustment expenses, net of unpaid losses and loss adjustment expenses recoverable

Reserve for losses and loss adjustment expenses, net of unpaid losses and loss adjustment expenses recoverable

Unearned premiums, net of ceded unearned premiums	Unearned premiums, net of ceded unearned premiums	1,111	1,125
Premiums receivable	Premiums receivable	(1,333)	(1,096)
Deferred acquisition costs	Deferred acquisition costs	(190)	(242)
Reinsurance balances payable	Reinsurance balances payable	692	128

Deferred income tax assets, net

Other items, net	Other items, net	(316)	(264)
Net cash provided by operating activities	Net cash provided by operating activities	4,084	2,834

Investing Activities	Investing Activities	Investing Activities	
Purchases of fixed maturity investments	Purchases of fixed maturity investments	(13,024)	(13,065)
Purchases of equity securities	Purchases of equity securities	(176)	(787)
Purchases of other investments	Purchases of other investments	(1,112)	(1,270)

Proceeds from sales of fixed maturity investments	Proceeds from sales of fixed maturity investments	9,655	9,990
Proceeds from sales of equity securities	Proceeds from sales of equity securities	216	1,540
Proceeds from sales, redemptions and maturities of other investments	Proceeds from sales, redemptions and maturities of other investments	345	1,075
Proceeds from redemptions and maturities of fixed maturity investments	Proceeds from redemptions and maturities of fixed maturity investments	589	578
Net settlements of derivative instruments	Net settlements of derivative instruments	(69)	(106)
Net (purchases) sales of short-term investments	Net (purchases) sales of short-term investments	(323)	(152)

Net (purchases) sales of short-term investments

Net (purchases) sales of short-term investments

Purchases of fixed assets

Purchases of fixed assets

Purchases of fixed assets	Purchases of fixed assets	(37)	(37)
Other	Other	—	128

Net cash used for investing activities	Net cash used for investing activities	(3,936)	(2,106)
--	--	---------	---------

Financing Activities

Purchases of common shares under share repurchase program		—	(586)
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Proceeds from common shares issued, net

Proceeds from common shares issued, net

Proceeds from common shares issued, net	Proceeds from common shares issued, net	5	(3)
---	---	---	-----

Change in third party investment in redeemable noncontrolling interests		(22)	—
---	--	------	---

Other

Other

Other	Other	(5)	(85)
Preferred dividends paid	Preferred dividends paid	(30)	(30)
Net cash used for financing activities	Net cash used for financing activities	(52)	(704)
Effects of exchange rate changes on foreign currency cash and restricted cash	Effects of exchange rate changes on foreign currency cash and restricted cash	(14)	(80)
Increase (decrease) in cash and restricted cash	Increase (decrease) in cash and restricted cash	82	(56)
Cash and restricted cash, beginning of year	Cash and restricted cash, beginning of year	1,273	1,314
Cash and restricted cash, end of period	Cash and restricted cash, end of period	\$ 1,355	\$ 1,258
Income taxes paid (received)			
Interest paid			

See Notes to Consolidated Financial Statements

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation and Recent Accounting Pronouncements

General

Arch Capital Group Ltd. ("Arch Capital") is a publicly listed Bermuda exempted company which provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly-owned subsidiaries. As used herein, the "Company" means Arch Capital and its subsidiaries.

Basis of Presentation

The interim consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany transactions and balances have been eliminated in consolidation. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect all adjustments (consisting of normally recurring accruals) necessary for a fair statement of results on an interim basis. The results of any interim period are not necessarily indicative of the results for a full year or any future periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted; however, management believes that the disclosures are adequate to make the information presented not misleading. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 ("2022 2023 Form 10-K"), including the Company's audited consolidated financial statements and related notes.

The Company has reclassified the presentation of certain prior year information to conform to the current presentation. Such reclassifications had no effect on the Company's net income, comprehensive income, shareholders' equity or cash flows. All amounts are in millions, except per share amounts, unless otherwise noted.

Recent Accounting Pronouncements

Recently Issued Accounting Standards Adopted

For information regarding additional accounting standards that the Company has not yet adopted, see note 3(t), "Significant Accounting Policies—Recent Accounting Pronouncements," of the notes to consolidated financial statements in the Company's **2022 2023** Form 10-K.

2. Share Transactions

Share Repurchases Share-Based Compensation

During the 2024 first quarter, the Company granted 0.4 million stock options, 0.5 million performance share awards and performance share units ("PSAs/PSUs") and 0.7 million restricted shares and units to certain employees. The Board of Directors of Arch Capital has authorized stock options were valued at the investment in Arch Capital's common shares through a share repurchase program. At September 30, 2023, \$1.0 billion of share repurchases were available under grant date using the program. Repurchases under the program may be effected from time to time in open market or privately negotiated transactions through December 31, 2024. Black-Scholes option pricing model. The timing and amount weighted average grant-date fair value of the repurchase transactions under this program will depend on a variety of factors, including market conditions stock options, PSAs/PSUs and corporate restricted shares and regulatory considerations. units granted during the 2024 first quarter were approximately \$30.73, \$93.28 and \$87.22 per share, respectively. Such values are being amortized over the respective substantive vesting period.

Employee Share Purchase Plan

Upon shareholder approval on May 4, 2023, During the Amended 2023 first quarter, the Company granted 0.5 million stock options, 0.6 million PSAs/PSUs and Restated Arch Capital Group Ltd. 2007 Employee Share Purchase Plan (the "ESPP") became effective, 0.8 million restricted shares and units to certain employees. The total common shares that may be purchased under stock options were valued at the ESPP was increased by 3.0 million shares for a total of 12.75 million shares authorized, grant date using the Black-Scholes option pricing model. The purpose weighted average grant-date fair value of the ESPP is to give employees of stock options, PSAs/PSUs and restricted shares and units granted during the Company an opportunity to purchase common shares through payroll deductions, thereby encouraging employees to 2023 first quarter were approximately \$23.49, \$74.06 and \$69.25 per share, in respectively. Such values are being amortized over the economic growth and success of the Company. The ESPP is designed to qualify

2023 THIRD 2024 FIRST QUARTER FORM 10-O

3. Earnings Per Common Share

		Three Months Ended		Three Months Ended		Three Months Ended	
		March 31,		March 31,		March 31,	
		September 30,		September 30,		September 30,	
		2023	2022	2023	2022	2023	2022
Numerator:	Numerator:						
Numerator:							
Numerator:							
Net income (loss)							
Net income (loss)							
Net income (loss)	Net income (loss)	\$ 723	\$ 18	\$ 2,109	\$ 620		
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	—	(1)	—	(3)		
Net (income) loss attributable to noncontrolling interests							
Net (income) loss attributable to noncontrolling interests							
Net income (loss) available to Arch common shareholders							
Net income (loss) available to Arch common shareholders							
Net income (loss) available to Arch common shareholders	Net income (loss) available to Arch common shareholders	723	17	2,109	617		
Preferred dividends	Preferred dividends	(10)	(10)	(30)	(30)		
Preferred dividends							
Preferred dividends							
Net income (loss) available to Arch common shareholders							
Net income (loss) available to Arch common shareholders							
Net income (loss) available to Arch common shareholders	Net income (loss) available to Arch common shareholders	\$ 713	\$ 7	\$ 2,079	\$ 587		

Denominator:	Denominator:				
Denominator:					
Denominator:					
Weighted average common shares and common share equivalents outstanding — basic					
Weighted average common shares and common share equivalents outstanding — basic					
Weighted average common shares and common share equivalents outstanding — basic	Weighted average common shares and common share equivalents outstanding — basic	369.2	365.2	368.4	369.5
Effect of dilutive common share equivalents:	Effect of dilutive common share equivalents:				
Effect of dilutive common share equivalents:					
Nonvested restricted shares					
Nonvested restricted shares					
Nonvested restricted shares	Nonvested restricted shares	2.6	2.3	2.4	2.2
Stock options (1)	Stock options (1)	7.6	6.2	7.5	6.7
Stock options (1)					
Stock options (1)					
Weighted average common shares and common share equivalents outstanding — diluted					
Weighted average common shares and common share equivalents outstanding — diluted					
Weighted average common shares and common share equivalents outstanding — diluted	Weighted average common shares and common share equivalents outstanding — diluted	379.4	373.7	378.3	378.4
Earnings per common share:	Earnings per common share:				
Earnings per common share:					
Basic					
Basic					
Basic	Basic	\$ 1.93	\$ 0.02	\$ 5.64	\$ 1.59
Diluted	Diluted	\$ 1.88	\$ 0.02	\$ 5.50	\$ 1.55
Diluted					
Diluted					

(1) Certain stock options were not included in the computation of diluted earnings per share where the exercise price of the stock options exceeded the average market price and would have been anti-dilutive or where, when applying the treasury stock method to in-the-money options, the sum of the proceeds, including unrecognized compensation, exceeded the average market price and would have been anti-dilutive. For the 2023 third 2024 first quarter and 2022 third 2023 first quarter, the number of stock options excluded were 0.3 million 0.6 million and 0.8 million, respectively. For the nine months ended September 30, 2023 and 2022, the number of stock options excluded were 0.5 million and 0.8 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. Segment Information

The Company's insurance, reinsurance and mortgage segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to the Company's chief operating decision makers. The Chief Executive Officer, the Chief Financial Officer and Treasurer and the President and Chief Underwriting Officer are the Company's chief operating decision makers. They do not assess performance, measure return on equity or make resource allocation decisions on a line of business basis. Management measures segment performance for its three underwriting segments based on underwriting income or loss. The Company does not manage its assets by underwriting segment, with the exception of goodwill and intangible assets, and accordingly, investment income is not allocated to each underwriting segment.

The Company determined its reportable segments using the management approach described in accounting guidance regarding disclosures about segments of an enterprise and related information. The accounting policies of the segments are the same as those used for the preparation of the Company's consolidated financial statements. Intersegment business is allocated to the segment accountable for the underwriting results.

The insurance segment consists of the Company's insurance underwriting units which offer specialty product lines on a worldwide basis. Product lines include: construction and national accounts; excess and surplus casualty; professional lines; programs; property, energy, marine and aviation; travel, accident and health; warranty and lenders solutions; and other (consisting of alternative markets, excess workers' compensation and surety business).

The reinsurance segment consists of the Company's reinsurance underwriting units which offer specialty product lines on a worldwide basis. Product lines include: casualty; marine and aviation; other specialty; property catastrophe; property excluding property catastrophe (losses on a single risk, both excess of loss and pro rata); and other (consisting of life reinsurance, casualty clash and other).

The mortgage segment includes the Company's U.S. primary mortgage insurance business, investment and services related to U.S. credit-risk transfer ("CRT") which are predominately with government sponsored enterprises ("GSEs") and international mortgage insurance and reinsurance operations. Arch Mortgage Insurance Company and United Guaranty Residential Insurance Company (combined "Arch MI U.S.") are approved as eligible mortgage insurers by Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac"), each a GSE. Arch MI U.S. also includes Arch Mortgage Guaranty Company, which is not a GSE-approved entity.

The corporate segment results include net investment income, net realized gains or losses (which includes realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments and changes in the allowance for credit losses on financial assets), equity in net income or loss of investment funds accounted for using the equity method, other income (loss), corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income **taxes tax** items, income or loss from operating affiliates and items related to the Company's **non cumulative non-cumulative** preferred shares.

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ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following tables summarize the Company's underwriting income or loss by segment, together with a reconciliation of underwriting income or loss to net income available to Arch common shareholders:

Three Months Ended September 30, 2023										
Three Months Ended										
Three Months Ended										
Three Months Ended										
March 31, 2024						March 31, 2024				
		Insurance	Reinsurance	Mortgage	Total	Insurance	Reinsurance	Mortgage	Total	
Gross premiums written (1)	Gross premiums written (1)	\$2,043	\$ 2,138	\$ 347	\$4,527					
Premiums ceded		(521)	(576)	(76)	(1,172)					
Gross premiums written (1)										
Gross premiums written (1)										

Premiums ceded (1)					
Net premiums written	Net premiums written	1,522	1,562	271	3,355
Change in unearned premiums	Change in unearned premiums	(110)	(19)	22	(107)
Net premiums earned	Net premiums earned	1,412	1,543	293	3,248
Other underwriting income (loss)	Other underwriting income (loss)	—	2	3	5
Losses and loss adjustment expenses	Losses and loss adjustment expenses	(812)	(870)	35	(1,647)
Acquisition expenses	Acquisition expenses	(269)	(304)	(2)	(575)
Other operating expenses	Other operating expenses	(202)	(61)	(47)	(310)
Underwriting income (loss)	Underwriting income (loss)	\$ 129	\$ 310	\$ 282	721
Net investment income	Net investment income				269
Net investment income					
Net realized gains (losses)	Net realized gains (losses)				(248)
Equity in net income (loss) of investment funds accounted for using the equity method					
Equity in net income (loss) of investment funds accounted for using the equity method					
Equity in net income (loss) of investment funds accounted for using the equity method	Equity in net income (loss) of investment funds accounted for using the equity method				59
Other income (loss)	Other income (loss)				(4)
Corporate expenses (2)	Corporate expenses (2)				(20)
Transaction costs and other (2)	Transaction costs and other (2)				—
Amortization of intangible assets	Amortization of intangible assets				(24)
Interest expense	Interest expense				(34)

Net foreign exchange gains (losses)	Net foreign exchange gains (losses)	22
Income (loss) before income taxes and (loss) from operating affiliates	Income (loss) before income taxes and (loss) from operating affiliates	741
Income tax (expense) benefit	Income tax (expense) benefit	(72)
Income (loss) from operating affiliates	Income (loss) from operating affiliates	54
Net income (loss)	Net income (loss)	723
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	—

Net income (loss) available to Arch

Net income (loss) available to Arch

Net income (loss) available to Arch	Net income (loss) available to Arch	723
Preferred dividends	Preferred dividends	(10)
Net income (loss) available to Arch common shareholders	Net income (loss) available to Arch common shareholders	\$ 713

Net income (loss) available to Arch common shareholders

Net income (loss) available to Arch common shareholders

Underwriting Ratios

Underwriting Ratios

Loss ratio

Loss ratio

Loss ratio	Loss ratio	57.5 %	56.4 %	(12.1) %	50.7 %	58.9 %	53.0 %	(3.0) %	50.5 %
Acquisition expense ratio	Acquisition expense ratio	19.1 %	19.7 %	0.6 %	17.7 %	Acquisition expense ratio	19.0 %	19.9 %	17.7 %

Other operating expense ratio	Other operating expense ratio	14.3 %	3.9 %	16.2 %	9.5 %	Other operating expense ratio	16.2 %	4.5 %	17.5 %	10.6 %
Combined ratio	Combined ratio	90.9 %	80.0 %	4.7 %	77.9 %	Combined ratio	94.1 %	77.4 %	14.5 %	78.8 %
Goodwill and intangible assets	Goodwill and intangible assets	\$ 220	\$ 132	\$ 387	\$ 739					

Goodwill and intangible assets

Goodwill and intangible assets

(1) Certain assumed and ceded amounts included in the gross premiums written of each segment are related to intersegment transactions, transactions are included in individual segment results. Accordingly, the sum of gross premiums written such transactions for each segment does not agree to the total gross premiums written as shown in the table above due to the elimination of intersegment transactions in the total eliminations.

(2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'transaction costs and other.'

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Three Months Ended September 30, 2022						Three Months Ended Three Months Ended Three Months Ended						March 31, 2023	
Insurance						Reinsurance		Mortgage		Total		March 31, 2023	
Gross premiums written (1)	Gross premiums written (1)	\$1,862	\$ 1,639	\$ 362	\$3,861								
Premiums ceded		(493)	(560)	(86)	(1,137)								
Gross premiums written (1)													
Gross premiums written (1)													
Premiums ceded (1)													
Net premiums written	Net premiums written	1,369	1,079	276	2,724								
Change in unearned premiums	Change in unearned premiums	(182)	(77)	6	(253)								
Net premiums earned	Net premiums earned	1,187	1,002	282	2,471								
Other underwriting income (loss)	Other underwriting income (loss)	—	—	3	3								

Losses and loss adjustment expenses	Losses and loss adjustment expenses	(823)	(928)	68	(1,683)
Acquisition expenses	Acquisition expenses	(233)	(208)	(7)	(448)
Other operating expenses	Other operating expenses	(165)	(63)	(47)	(275)
Underwriting income (loss)	Underwriting income (loss)	\$ (34)	\$ (197)	\$ 299	68
Net investment income	Net investment income				129
Net investment income					
Net investment income					
Net realized gains (losses)	Net realized gains (losses)				(184)
Equity in net income (loss) of investment funds accounted for using the equity method					
Equity in net income (loss) of investment funds accounted for using the equity method					
Equity in net income (loss) of investment funds accounted for using the equity method	Equity in net income (loss) of investment funds accounted for using the equity method				(19)
Other income (loss)	Other income (loss)				(14)
Corporate expenses (2)	Corporate expenses (2)				(18)
Transaction costs and other (2)	Transaction costs and other (2)				—
Amortization of intangible assets	Amortization of intangible assets				(26)
Interest expense	Interest expense				(33)
Net foreign exchange gains (losses)	Net foreign exchange gains (losses)				91
Income (loss) before income taxes and income (loss) from operating affiliates	Income (loss) before income taxes and income (loss) from operating affiliates				(6)

Income tax (expense)	Income tax (expense)	
benefit	benefit	15
Income (loss) from operating affiliates	Income (loss) from operating affiliates	9
Net income (loss)	Net income (loss)	18
Net (income) loss attributable to noncontrolling interests	Net (income) loss attributable to noncontrolling interests	(1)
Net income (loss) available to Arch	Net income (loss) available to Arch	17

Net income (loss) available
to Arch

Net income (loss) available
to Arch

Preferred dividends	Preferred dividends	(10)
Net income (loss) available to Arch common shareholders	Net income (loss) available to Arch common shareholders	\$ 7

Net income (loss) available
to Arch common
shareholders

Net income (loss) available
to Arch common
shareholders

Underwriting Ratios

Underwriting Ratios

Underwriting Ratios	Underwriting Ratios												
Loss ratio	Loss ratio	69.3 %	92.6 %	(24.1) %	68.1 %	Loss ratio	55.9 %	57.6 %		0.6 %		51.0 %	
Acquisition expense ratio	Acquisition expense ratio	19.6 %	20.8 %	2.4 %	18.1 %	Acquisition expense ratio	19.5 %	21.1 %		2.5 %		18.5 %	
Other operating expense ratio	Other operating expense ratio	13.9 %	6.3 %	16.5 %	11.1 %	Other operating expense ratio	15.5 %	5.6 %		16.9 %		11.1 %	
Combined ratio	Combined ratio	102.8 %	119.7 %	(5.2) %	97.3 %	Combined ratio	90.9 %	84.3 %		20.0 %		80.6 %	
Goodwill and intangible assets	Goodwill and intangible assets	\$ 225	\$ 141	\$ 441	\$ 807								

Goodwill and intangible assets

Goodwill and intangible
assets

- (1) Certain assumed and ceded amounts included in the gross premiums written of each segment are related to intersegment transactions. transactions are included in individual segment results. Accordingly, the sum of gross premiums written such transactions for each segment does not agree to the total gross premiums written as shown in the table above due to the elimination of intersegment transactions in the total eliminations.
- (2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'transaction costs and other.'

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2023 THIRD QUARTER FORM 10-Q

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended			
	September 30, 2023			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 5,977	\$ 7,142	\$ 1,037	\$ 14,152
Premiums ceded	(1,564)	(2,145)	(240)	(3,945)
Net premiums written	4,413	4,997	797	10,207
Change in unearned premiums	(416)	(781)	86	(1,111)
Net premiums earned	3,997	4,216	883	9,096
Other underwriting income (loss)	—	9	12	21
Losses and loss adjustment expenses	(2,276)	(2,379)	46	(4,609)
Acquisition expenses	(778)	(875)	(16)	(1,669)
Other operating expenses	(592)	(203)	(147)	(942)
Underwriting income (loss)	\$ 351	\$ 768	\$ 778	1,897
Net investment income				710
Net realized gains (losses)				(354)
Equity in net income (loss) of investment funds accounted for using the equity method				176
Other income (loss)				10
Corporate expenses (2)				(69)
Transaction costs and other (2)				(2)
Amortization of intangible assets				(71)
Interest expense				(99)
Net foreign exchange gains (losses)				(1)
Income (loss) before income taxes and income (loss) from operating affiliates				2,197
Income tax (expense) benefit				(203)
Income (loss) from operating affiliates				115
Net income (loss)				2,109
Net (income) loss attributable to noncontrolling interests				—
Net income (loss) available to Arch				2,109
Preferred dividends				(30)
Net income (loss) available to Arch common shareholders				\$ 2,079
Underwriting Ratios				
Loss ratio	57.0 %	56.4 %	(5.3)%	50.7 %

Acquisition expense ratio	19.5 %	20.7 %	1.8 %	18.3 %
Other operating expense ratio	14.8 %	4.8 %	16.7 %	10.4 %
Combined ratio	91.3 %	81.9 %	13.2 %	79.4 %

- (1) Certain amounts included in the gross premiums written of each segment are related to intersegment transactions. Accordingly, the sum of gross premiums written for each segment does not agree to the total gross premiums written as shown in the table above due to the elimination of intersegment transactions in the total.
- (2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'transaction costs and other.'

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ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine Months Ended			
	September 30, 2022			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 5,287	\$ 5,151	\$ 1,099	\$ 11,532
Premiums ceded	(1,483)	(1,770)	(241)	(3,489)
Net premiums written	3,804	3,381	858	8,043
Change in unearned premiums	(488)	(647)	10	(1,125)
Net premiums earned	3,316	2,734	868	6,918
Other underwriting income (loss)	—	6	6	12
Losses and loss adjustment expenses	(2,054)	(1,920)	187	(3,787)
Acquisition expenses	(643)	(569)	(27)	(1,239)
Other operating expenses	(493)	(199)	(150)	(842)
Underwriting income (loss)	\$ 126	\$ 52	\$ 884	1,062
Net investment income				315
Net realized gains (losses)				(743)
Equity in net income (loss) of investment funds accounted for using the equity method				75
Other income (loss)				(35)
Corporate expenses (2)				(78)
Transaction costs and other (2)				—
Amortization of intangible assets				(80)
Interest expense				(99)
Net foreign exchange gains (losses)				183
Income (loss) before income taxes and income (loss) from operating affiliates				600
Income tax (expense) benefit				(19)
Income (loss) from operating affiliates				39
Net income (loss)				620
Net (income) loss attributable to noncontrolling interests				(3)
Net income (loss) available to Arch				617
Preferred dividends				(30)
Net income (loss) available to Arch common shareholders				\$ 587
Underwriting Ratios				
Loss ratio	61.9 %	70.2 %	(21.6)%	54.7 %

Acquisition expense ratio	19.4 %	20.8 %	3.2 %	17.9 %
Other operating expense ratio	14.9 %	7.3 %	17.3 %	12.2 %
Combined ratio	96.2 %	98.3 %	(1.1)%	84.8 %

- (1) Certain amounts included in the gross premiums written of each segment are related to intersegment transactions. Accordingly, the sum of gross premiums written for each segment does not agree to the total gross premiums written as shown in the table above due to the elimination of intersegment transactions in the total.
- (2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'transaction costs and other.'

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

5. Reserve for Losses and Loss Adjustment Expenses

The following table represents an analysis of losses and loss adjustment expenses and a reconciliation of the beginning and ending reserve for losses and loss adjustment expenses:

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
Three Months Ended					
Three Months Ended					
Three Months Ended					
Three Months Ended					
March 31,					
March 31,					
March 31,					
		2024			
		2024			
		2024			
Reserve for losses and loss adjustment expenses at beginning of period					
Reserve for losses and loss adjustment expenses at beginning of period					
Reserve for losses and loss adjustment expenses at beginning of period	Reserve for losses and loss adjustment expenses at beginning of period	\$21,268	\$18,194	\$20,032	\$17,757
Unpaid losses and loss adjustment expenses recoverable	Unpaid losses and loss adjustment expenses recoverable	6,394	5,686	6,280	5,599
Unpaid losses and loss adjustment expenses recoverable					

Unpaid losses and loss adjustment expenses recoverable					
Net reserve for losses and loss adjustment expenses at beginning of period					
Net reserve for losses and loss adjustment expenses at beginning of period					
Net reserve for losses and loss adjustment expenses at beginning of period	Net reserve for losses and loss adjustment expenses at beginning of period	14,874	12,508	13,752	12,158
Net incurred losses and loss adjustment expenses relating to losses occurring in:	Net incurred losses and loss adjustment expenses relating to losses occurring in:				
Net incurred losses and loss adjustment expenses relating to losses occurring in:					
Net incurred losses and loss adjustment expenses relating to losses occurring in:					
Current year					
Current year					
Current year	Current year	1,793	1,863	5,012	4,279
Prior years	Prior years	(146)	(180)	(403)	(492)
Prior years					
Prior years					
Total net incurred losses and loss adjustment expenses					
Total net incurred losses and loss adjustment expenses					
Total net incurred losses and loss adjustment expenses	Total net incurred losses and loss adjustment expenses	1,647	1,683	4,609	3,787
Net foreign exchange (gains) losses and other	Net foreign exchange (gains) losses and other	(123)	(245)	(24)	(527)
Net foreign exchange (gains) losses and other					
Net foreign exchange (gains) losses and other					
Net paid losses and loss adjustment expenses relating to losses occurring in:					
Net paid losses and loss adjustment expenses relating to losses occurring in:					
Net paid losses and loss adjustment expenses relating to losses occurring in:	Net paid losses and loss adjustment expenses relating to losses occurring in:				

Current year	Current year	(345)	(227)	(700)	(464)
Current year					
Current year					
Prior years	Prior years	(713)	(538)	(2,297)	(1,773)
Prior years					
Prior years					
Total net paid losses and loss adjustment expenses					
Total net paid losses and loss adjustment expenses					
Total net paid losses and loss adjustment expenses	Total net paid losses and loss adjustment expenses	(1,058)	(765)	(2,997)	(2,237)
Net reserve for losses and loss adjustment expenses at end of period	Net reserve for losses and loss adjustment expenses at end of period	15,340	13,181	15,340	13,181
Net reserve for losses and loss adjustment expenses at end of period					
Net reserve for losses and loss adjustment expenses at end of period					
Unpaid losses and loss adjustment expenses recoverable					
Unpaid losses and loss adjustment expenses recoverable					
Unpaid losses and loss adjustment expenses recoverable	Unpaid losses and loss adjustment expenses recoverable	6,496	6,107	6,496	6,107
Reserve for losses and loss adjustment expenses at end of period	Reserve for losses and loss adjustment expenses at end of period	\$21,836	\$19,288	\$21,836	\$19,288
Reserve for losses and loss adjustment expenses at end of period					
Reserve for losses and loss adjustment expenses at end of period					

Development on Prior Year Loss Reserves

2023 Third 2024 First Quarter

During the 2023 third 2024 first quarter, the Company recorded net favorable development on prior year loss reserves of \$146 million \$124 million, which consisted of \$10 million from the insurance segment, \$44 million \$40 million from the reinsurance segment and \$92 million \$74 million from the mortgage segment.

The insurance segment's net favorable development of \$10 million, or 0.7 loss ratio points, for the 2023 third 2024 first quarter consisted of \$30 million of net favorable development in short-tailed and long-tailed lines and \$20 million of net adverse development in medium-tailed lines. Net favorable development in short-tailed lines included \$8 \$18 million of favorable development in property (excluding marine), primarily from the 2021 2019, 2022 and 2022 2023 accident years (i.e., the year in which a loss occurred), \$6 and \$10 million of favorable development in warranty and lenders solutions and \$6 million favorable development related to travel and accident business, both primarily from the 2022 and 2023 accident year. years. Net favorable development in long-tailed lines included \$7 million of favorable development in executive assurance business, primarily from the 2019, 2018 to 2021 and 2022 accident years, and \$7 \$3 million of favorable development in alternative markets business, spread across most primarily from 2020 and prior accident years. years, which was partially offset by \$7 million of adverse development in construction and national accounts, primarily

\$25 \$17 million of adverse development in professional liability, marine business, primarily from 2019 and 2020 the 2022 accident years. year.

The reinsurance segment's net favorable development of \$44 million \$40 million, or 2.8 2.4 loss ratio points, for the 2023 third 2024 first quarter consisted of \$69 \$44 million of net favorable development in short-tailed lines and \$25 \$4 million of net adverse development in medium and long-tailed lines. Net favorable development in short-tailed lines included \$29 million \$33 million of favorable development related to property other than property catastrophe specialty business, primarily from the 2020 2019 to 2022 2023 underwriting years (i.e., all premiums and losses attributable to contracts having an inception or renewal date within the given twelve-month period), \$22 and \$21 million of favorable development related to property other than property catastrophe business, primarily from the 2021 2022 and 2022 2023 underwriting years, and \$19 which was partially offset by \$8 million of favorable adverse development related to other specialty lines, from property catastrophe business, primarily from the 2021 and prior 2023 underwriting years. year. Net adverse development in medium-tailed lines included \$4 \$2 million in marine and aviation lines, primarily from the 2021 2020 and 2023 underwriting year. years, while net adverse development in long-tailed lines reflected \$21 \$2 million of adverse development in casualty business, primarily from the 2016 to 2020 2017 underwriting years. year.

from the 2023 accident year. Net adverse development in medium-tailed lines included

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The mortgage segment's net favorable development was \$92 million \$74 million, or 31.4 24.4 loss ratio points, for the 2023 third 2024 first quarter. Such amounts were primarily related to reductions on reserves for delinquent loans associated with the U.S. first lien portfolio from the 2020 through 2022 and 2023 accident years. The Company's credit risk transfer and international businesses also contributed to the favorable development.

2022 Third 2023 First Quarter

During the 2022 third 2023 first quarter, the Company recorded net favorable development on prior year loss reserves of \$180 million \$136 million, which consisted of \$5 million \$12 million from the insurance segment, \$49 million \$53 million from the reinsurance segment and \$126 million \$71 million from the mortgage segment.

The insurance segment's net favorable development of \$5 million \$12 million, or 0.5 0.9 loss ratio points, for the 2022 third 2023 first quarter consisted of \$16 \$25 million of net favorable development in short-tailed and long-tailed lines and \$11 \$13 million of net adverse development in medium-tailed and long-tailed lines. Net favorable development in short-tailed lines reflected \$9 million of favorable development in property (excluding marine), primarily from 2020 and 2021 2022 accident years, and \$6 million of favorable development in warranty and lenders solutions products, primarily from the 2021 accident year. Net adverse development in medium-tailed lines included \$11 million of adverse development in professional liability business, primarily from the 2013 to 2016 and 2020 accident years, partially offset by favorable development in marine business of \$6 million, across most accident years. Net adverse development in long-tailed lines reflected \$12 million related to casualty business, primarily from the 2014 and 2020 accident years, partially offset by favorable development in construction, executive assurance and other lines of business.

The reinsurance segment's net favorable development of \$49 million, or 4.9 loss ratio points, for the 2022 third quarter consisted of \$58 million of net favorable development in short-tailed and medium-tailed lines and \$9 million of net adverse development in long-tailed lines. Net favorable development in short-tailed lines reflected \$36 million of favorable development related to property other than property catastrophe business, primarily from 2015 to 2021 underwriting years and \$13 million of favorable development related to property catastrophe business, primarily from the 2014 to 2017 underwriting years. Net favorable development in medium-tailed lines included \$8 million in marine and aviation lines, across most underwriting years. Net adverse development in long-tailed lines reflected \$10 million related to casualty business, primarily from the 2014 to 2017 underwriting years.

The mortgage segment's net favorable development was \$126 million, or 44.7 loss ratio points, for the 2022 third quarter, with the largest contributor being reserve releases associated with the U.S. first lien portfolio from the 2020 and 2021 accident years. The Company's credit risk transfer, international, second lien and student loan businesses also contributed to the favorable development.

Nine Months Ended September 30, 2023

During the nine months ended September 30, 2023, the Company recorded net favorable development on prior year loss reserves of \$403 million, which consisted of \$34 million from the insurance segment, \$126 million from the reinsurance segment and \$243 million from the mortgage segment.

The insurance segment's net favorable development of \$34 million, or 0.8 loss ratio points, for the 2023 period consisted of \$86 million of net favorable development in short and long-tailed lines and \$52 million of net adverse development in medium-tailed lines. Net favorable development in short-tailed lines reflected \$33 million of favorable development in property (excluding marine), primarily from the 2022 accident year, \$20 million of favorable development related to warranty and lenders solutions business, primarily from the 2022 accident year and \$11 million of favorable development related to travel and accident business, primarily from the 2020 and to 2022 accident years. years, and \$7 million of favorable development in warranty and lenders solutions, primarily from the 2022 accident year. Net favorable development in long-tailed lines included \$24 of \$1 million of included favorable development in executive assurance business, primarily from the 2019 and 2021 accident years, and \$13 million of favorable partially offset by adverse development in alternative markets business, from 2021 casualty and prior accident years. healthcare. Net adverse development in medium-tailed lines included \$48 \$18 million of adverse development in professional liability business, primarily from the 2017 to 2020 2019 accident years, and \$11 million of adverse development in contract binding business, primarily from the 2014 to 2017 accident years. Such amounts were partially offset by \$11 million of favorable development in marine business of \$7 million, primarily from the 2021 and 2022 accident years.

The reinsurance segment's net favorable development of \$126 million \$53 million, or 3.0 4.0 loss ratio points, for the 2023 period consisted of \$168 million of net favorable development from short and medium-tailed lines, partially offset by \$42 million of net adverse development from long-tailed lines. Net favorable development in short-tailed lines reflected \$75 million of favorable development from property other than property catastrophe business, primarily from the 2021 and 2022 underwriting years, \$29 million of favorable development from property catastrophe, primarily from the 2019 and 2022 underwriting years, \$46 million from other specialty business, primarily from the 2021 underwriting year, and \$12 million of favorable development from other lines of business, primarily from the 2020 underwriting year.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Net favorable development in medium-tailed lines included \$5 million in marine and aviation lines, primarily from the 2019 and prior underwriting years. Net adverse development in long-tailed lines primarily reflected \$39 million in casualty, primarily from the 2014 to 2020 underwriting years.

The mortgage segment's net favorable development was \$243 million, or 27.5 loss ratio points, for the 2023 period, with the largest contributor being reserve releases associated with the U.S. first lien portfolio from the 2020 to 2022 accident years. The Company's credit risk transfer and international businesses also contributed to the favorable development.

Nine Months Ended September 30, 2022

During the nine months ended September 30, 2022, the Company recorded net favorable development on prior year loss reserves of \$492 million, which consisted of \$19 million from the insurance segment, \$127 million from the reinsurance segment, \$346 million from the mortgage segment.

The insurance segment's net favorable development of \$19 million, or 0.6 loss ratio points, for the 2022 period quarter consisted of \$49 million of net favorable development in short-tailed lines and \$30 \$3 million of net adverse favorable development in medium medium-tailed and long-tailed lines. Net favorable development in short-tailed lines reflected \$37 million of favorable development in warranty and lenders solutions business, primarily from the 2021 accident year, and \$14 \$23 million of favorable development related to travel and accident business, primarily from the 2019 to 2021 accident years. Net adverse development in medium-tailed lines included \$25 million of adverse development in professional liability business, primarily from the 2013 to 2015 and 2018 to 2020 accident years, and \$6 million of adverse development in contract binding property other than property catastrophe business, across most accident underwriting years, partially offset by \$11 \$18 million of favorable development in marine business, across most accident years. Net adverse development in long-tailed lines reflected \$18 million of adverse development related to casualty business, other specialty and other short-tailed lines, primarily from the 2020 and 2021 accident underwriting years, partially offset by \$17 and \$8 million of favorable development in other business, including alternative markets and excess workers' compensation, primarily from the 2019 and prior accident years.

The reinsurance segment's net favorable development of \$127 million, or 4.7 loss ratio points, for the 2022 period consisted of \$148 million of net favorable development from short and medium-tailed lines, partially offset by \$20 million of net adverse development from long-tailed lines. Net favorable development in short-tailed lines reflected \$83 million of favorable development from property other than related to property catastrophe business, primarily from the 2015 to 2021 2018, 2019 and 2022 underwriting years, \$22 million of favorable development from property catastrophe, primarily from the

The mortgage segment's net favorable development was \$346 million \$71 million, or 39.9 23.9 loss ratio points, for the 2022 period, with 2023 first quarter. Such amounts were primarily related to reductions on reserves for loans becoming delinquent after the largest contributor being reserve releases associated with onset of the U.S. first lien portfolio from the 2020 and 2021 accident years. COVID-19 pandemic. The Company's credit risk transfer international, second lien and student loan international businesses also contributed to the favorable development.

6. Allowance for Expected Credit Losses

Premiums Receivable

The following table provides a roll forward of the allowance for expected credit losses of the Company's premium receivables:

Premium Receivables, Net of Allowance
Premium Receivables, Net of Allowance
Premium Receivables, Net of Allowance

2018 to 2020 underwriting years, and \$20 million from other specialty business, primarily from the 2021 underwriting year. years. Net favorable development in medium-tailed lines included \$23 \$2 million in marine and aviation lines, across most underwriting years. Net adverse while net favorable development in long-tailed lines primarily reflected \$19 included \$3 million in casualty reserves, primarily from the 2021 underwriting year. business.

<u>Three Months Ended March 31, 2024</u>			
<u>Three Months Ended March 31, 2024</u>			
<u>Three Months Ended March 31, 2024</u>			
Balance at beginning of period			
Balance at beginning of period			
Balance at beginning of period			
Change for provision of expected credit losses (1)			
Change for provision of expected credit losses (1)			
Change for provision of expected credit losses (1)			
Balance at end of period			
Balance at end of period			
Balance at end of period			
<u>Three Months Ended March 31, 2023</u>			
<u>Three Months Ended March 31, 2023</u>			
<u>Three Months Ended March 31, 2023</u>			
Balance at beginning of period			
Balance at beginning of period			
Balance at beginning of period			
Change for provision of expected credit losses (1)			
Change for provision of expected credit losses (1)			
Change for provision of expected credit losses (1)			
Balance at end of period			
Balance at end of period			
Balance at end of period			
	Premium Receivables, Net of Allowance		Allowance for Expected Credit Losses
<u>Three Months Ended September 30, 2023</u>			
Balance at beginning of period	\$	5,296	\$ 34
Change for provision of expected credit losses (1)			\$ —
Balance at end of period	\$	4,937	\$ 34
<u>Three Months Ended September 30, 2022</u>			
Balance at beginning of period	\$	3,634	\$ 38
Change for provision of expected credit losses (1)			\$ —
Balance at end of period	\$	3,579	\$ 38
<u>Nine Months Ended September 30, 2023</u>			
Balance at beginning of period	\$	3,625	\$ 35
Change for provision of expected credit losses (1)			(1)
Balance at end of period	\$	4,937	\$ 34
<u>Nine Months Ended September 30, 2022</u>			
Balance at beginning of period	\$	2,633	\$ 40

Change for provision of expected credit losses (1)		(2)
Balance at end of period	\$ 3,579	\$ 38

(1) Amounts deemed uncollectible are written-off in operating expenses. For the 2023 third 2024 first quarter and 2022 third 2023 first quarter, amounts written off were nil and \$2 million, respectively. For the nine months ended September 30, 2023 and 2022 period, amounts written off were \$2 million and \$7 \$1 million, respectively.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Reinsurance Recoverables

The following table provides a roll forward of the allowance for expected credit losses of the Company's reinsurance recoverables:

Reinsurance Recoverables, Net of Allowance
Reinsurance Recoverables, Net of Allowance
Reinsurance Recoverables, Net of Allowance
Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Balance at beginning of period
Balance at beginning of period
Balance at beginning of period
Change for provision of expected credit losses
Change for provision of expected credit losses
Change for provision of expected credit losses
Balance at end of period
Balance at end of period
Balance at end of period
Three Months Ended March 31, 2023
Three Months Ended March 31, 2023
Three Months Ended March 31, 2023
Balance at beginning of period
Balance at beginning of period
Balance at beginning of period
Change for provision of expected credit losses
Change for provision of expected credit losses
Change for provision of expected credit losses
Balance at end of period

Balance at end of period		
Balance at end of period		
	Reinsurance Recoverables, Net of Allowance	Allowance for Expected Credit Losses
Three Months Ended September 30, 2023		
Balance at beginning of period	\$ 6,717	\$ 22
Change for provision of expected credit losses		1
Balance at end of period	\$ 6,821	\$ 23
Three Months Ended September 30, 2022		
Balance at beginning of period	\$ 5,939	\$ 15
Change for provision of expected credit losses		2
Balance at end of period	\$ 6,356	\$ 17
Nine Months Ended September 30, 2023		
Balance at beginning of period	\$ 6,564	\$ 22
Change for provision of expected credit losses		1
Balance at end of period	\$ 6,821	\$ 23
Nine Months Ended September 30, 2022		
Balance at beginning of period	\$ 5,881	\$ 13
Change for provision of expected credit losses		4
Balance at end of period	\$ 6,356	\$ 17

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes the Company's reinsurance recoverables on paid and unpaid losses (not including ceded unearned premiums):

		September 30, 2023		December 31, 2022	
		2023		2022	
		March 31, 2024		March 31, 2024	
		2024		2024	
Reinsurance recoverable on unpaid and paid losses and adjustment expenses	Reinsurance recoverable on unpaid and paid losses and adjustment expenses	\$	\$	Reinsurance recoverable on unpaid and paid losses and adjustment expenses	\$
		6,821	6,564		7,509
% due from carriers with A.M. Best rating of "A- or better	% due from carriers with A.M. Best rating of "A- or better	66.7	68.8	% due from carriers with A.M. Best rating of "A- or better	66.6
% due from all other rated carriers	% due from all other rated carriers	0.2	0.1	% due from all other rated carriers	0.1
% due from all other carriers with no A.M. Best rating (1)	% due from all other carriers with no A.M. Best rating (1)	33.1	31.1	% due from all other carriers with no A.M. Best rating (1)	33.4
Largest balance due from any one carrier as % of total shareholders' equity	Largest balance due from any one carrier as % of total shareholders' equity	8.3	9.0	Largest balance due from any one carrier as % of total shareholders' equity	7.1
					7.2

(1) At September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023 over 94% and 95% of such amount were collateralized through reinsurance trusts, funds withheld arrangements, letters of credit or other, respectively.

Contractholder Receivables

The following table provides a roll forward of the allowance for expected credit losses of the Company's contractholder receivables:

Contract-holder Receivables, Net of Allowance
Contract-holder Receivables, Net of Allowance
Contract-holder Receivables, Net of Allowance
Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Balance at beginning of period
Balance at beginning of period

Balance at beginning of period
Change for provision of expected credit losses
Change for provision of expected credit losses
Change for provision of expected credit losses
Balance at end of period
Balance at end of period
Balance at end of period
<u>Three Months Ended March 31, 2023</u>
<u>Three Months Ended March 31, 2023</u>
<u>Three Months Ended March 31, 2023</u>
Balance at beginning of period
Balance at beginning of period
Balance at beginning of period
Change for provision of expected credit losses
Change for provision of expected credit losses
Change for provision of expected credit losses
Balance at end of period
Balance at end of period
Balance at end of period

	Contract-holder Receivables, Net of Allowance	Allowance for Expected Credit Losses
<u>Three Months Ended September 30, 2023</u>		
Balance at beginning of period	\$ 1,761	\$ 3
Change for provision of expected credit losses		—
Balance at end of period	\$ 1,805	\$ 3
<u>Three Months Ended September 30, 2022</u>		
Balance at beginning of period	\$ 1,758	\$ 3
Change for provision of expected credit losses		(1)
Balance at end of period	1,736	\$ 2
<u>Nine Months Ended September 30, 2023</u>		
Balance at beginning of period	\$ 1,731	\$ 3
Change for provision of expected credit losses		—
Balance at end of period	\$ 1,805	\$ 3
<u>Nine Months Ended September 30, 2022</u>		
Balance at beginning of period	\$ 1,829	\$ 3
Change for provision of expected credit losses		(1)
Balance at end of period	1,736	\$ 2

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

7. Investment Information

Available For Sale Investments

The following table summarizes the fair value and cost or amortized cost of the Company's securities classified as available for sale:

		Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Cost or Amortized Cost
September 30, 2023						
	Estimated Fair Value					
	Estimated Fair Value					
	Estimated Fair Value					
March 31, 2024						
March 31, 2024						
March 31, 2024						
Fixed maturities:						
Fixed maturities:						
Fixed maturities:	Fixed maturities:					
Corporate bonds	Corporate bonds	\$ 10,064	\$ 33	\$ (747)	\$ (47)	\$ 10,825
Corporate bonds						
Corporate bonds						
U.S. government and government agencies						
U.S. government and government agencies						
U.S. government and government agencies	U.S. government and government agencies	5,662	15	(240)	—	5,887
Asset backed securities	Asset backed securities	2,342	10	(76)	(5)	2,413
Asset backed securities						
Asset backed securities						
Non-U.S. government securities						
Non-U.S. government securities						
Non-U.S. government securities	Non-U.S. government securities	2,052	9	(173)	(2)	2,218
Commercial mortgage backed securities	Commercial mortgage backed securities	1,102	—	(46)	(3)	1,151

Commercial mortgage backed securities						
Commercial mortgage backed securities						
Residential mortgage backed securities						
Residential mortgage backed securities						
Residential mortgage backed securities	Residential mortgage backed securities	965	5	(100)	—	1,060
Municipal bonds	Municipal bonds	298	2	(32)	—	328
Municipal bonds						
Municipal bonds						
Total						
Total						
Total	Total	22,485	74	(1,414)	(57)	23,882
Short-term investments	Short-term investments	1,682	3	(1)	—	1,680
Short-term investments						
Short-term investments						
Total						
Total						
Total	Total	\$ 24,167	\$ 77	\$ (1,415)	\$ (57)	\$ 25,562
December 31, 2022						
December 31, 2023						
December 31, 2023						
December 31, 2023						
Fixed maturities:						
Fixed maturities:						
Fixed maturities:	Fixed maturities:					
Corporate bonds	Corporate bonds	\$ 8,020	\$ 55	\$ (781)	\$ (30)	\$ 8,776
Corporate bonds						
Corporate bonds						
U.S. government and government agencies						
U.S. government and government agencies						
U.S. government and government agencies	U.S. government and government agencies	5,162	15	(343)	—	5,490
Asset backed securities	Asset backed securities	1,927	1	(107)	(6)	2,039
Asset backed securities						
Asset backed securities						
Non-U.S. government securities						
Non-U.S. government securities						
Non-U.S. government securities	Non-U.S. government securities	2,313	9	(238)	(2)	2,544

Commercial mortgage backed securities	Commercial mortgage backed securities	1,047	1	(58)	(3)	1,107
Commercial mortgage backed securities						
Commercial mortgage backed securities						
Residential mortgage backed securities						
Residential mortgage backed securities						
Residential mortgage backed securities						
Municipal bonds	Municipal bonds	419	3	(33)	—	449
Municipal bonds						
Municipal bonds						
Total						
Total						
Total	Total	19,683	89	(1,647)	(41)	21,282
Short-term investments	Short-term investments	1,332	1	(2)	—	1,333
Short-term investments						
Short-term investments						
Total	Total	\$ 21,015	\$ 90	\$ (1,649)	\$ (41)	\$ 22,615
Total						
Total						

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes, for all available for sale securities in an unrealized loss position, the fair value and gross unrealized loss by length of time the security has been in a continual unrealized loss position:

		Less than 12 Months		12 Months or More		Total		Less than 12 Months	12 Months or More		Total		
		Estimated	Gross	Estimated	Gross	Estimated	Gross						
		Fair	Unrealized	Fair	Unrealized	Fair	Unrealized						
		Value	Losses	Value	Losses	Value	Losses						
<u>September 30, 2023</u>													
	Estimated							Estimated	Gross	Estimated	Gross	Estimated	Gross
	Fair							Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value							Value	Losses	Value	Losses	Value	Losses
<u>March 31, 2024</u>													
Fixed maturities:	Fixed maturities:												
Fixed maturities:													

Fixed maturities:								
Corporate bonds								
Corporate bonds								
Corporate bonds	Corporate bonds	\$ 4,813	\$ (141)	\$ 5,272	\$ (606)	\$ 10,085	\$ (747)	
U.S. government and agencies	U.S. government and agencies	3,922	(93)	1,294	(147)	5,216	(240)	
Non-U.S. government securities	Non-U.S. government securities	1,002	(25)	956	(148)	1,958	(173)	
Residential mortgage backed securities	Residential mortgage backed securities	420	(15)	521	(85)	941	(100)	
Asset backed securities	Asset backed securities	190	(4)	1,287	(72)	1,477	(76)	
Commercial mortgage backed securities	Commercial mortgage backed securities	153	(3)	907	(43)	1,060	(46)	
Municipal bonds	Municipal bonds	84	(5)	212	(27)	296	(32)	
Total	Total	10,584	(286)	10,449	(1,128)	21,033	(1,414)	
Short-term investments	Short-term investments	192	(1)	—	—	192	(1)	
Short-term investments								
Short-term investments								
Total	Total	\$ 10,776	\$ (287)	\$ 10,449	\$ (1,128)	\$ 21,225	\$ (1,415)	

December 31, 2022

December 31, 2023

December 31, 2023

December 31, 2023

Fixed maturities:								
Fixed maturities:								
Corporate bonds								
Corporate bonds								
Corporate bonds	Corporate bonds	\$ 4,823	\$ (393)	\$ 2,559	\$ (388)	\$ 7,382	\$ (781)	
U.S. government and agencies	U.S. government and agencies	3,557	(197)	1,443	(146)	5,000	(343)	
Non-U.S. government securities	Non-U.S. government securities	1,703	(154)	542	(84)	2,245	(238)	

Residential mortgage backed securities	Residential mortgage backed securities	546	(52)	154	(35)	700	(87)
Asset backed securities	Asset backed securities	1,148	(66)	512	(41)	1,660	(107)
Commercial mortgage backed securities	Commercial mortgage backed securities	598	(35)	445	(23)	1,043	(58)
Municipal bonds	Municipal bonds	364	(30)	16	(3)	380	(33)
Total	Total	12,739	(927)	5,671	(720)	18,410	(1,647)
Short-term investments	Short-term investments	237	(2)	—	—	237	(2)
Short-term investments							
Short-term investments							
Total	Total	\$ 12,976	\$ (929)	\$ 5,671	\$ (720)	\$ 18,647	\$ (1,649)

At September 30, 2023 March 31, 2024, on a lot level basis, approximately 11,140 8,380 security lots out of a total of approximately 14,320 16,400 security lots were in an unrealized loss position and the largest single unrealized loss from a single lot in the Company's fixed maturity portfolio was \$6 million \$5 million. At December 31, 2022 December 31, 2023, on a lot level basis, approximately 9,810 7,100 security lots out of a total of approximately 12,590 15,720 security lots were in an unrealized loss position and the largest single unrealized loss from a single lot in the Company's fixed maturity portfolio was \$7 million \$6 million.

The contractual maturities of the Company's fixed maturities are shown in the following table. Expected maturities, which are management's best estimates, will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

September 30, 2023		December 31, 2022									
		March 31, 2024						March 31, 2024		December 31, 2023	
Maturity	Maturity	Estimated		Estimated		Maturity	Estimated	Amortized	Estimated	Amortized	Maturity
		Fair Value	Amortized Cost	Fair Value	Amortized Cost						
Due in one year or less	Due in one year or less	\$ 683	\$ 708	\$ 511	\$ 537						
Due after one year through five years	Due after one year through five years	12,561	13,123	11,016	11,715						
Due after five years through 10 years	Due after five years through 10 years	4,515	5,035	3,984	4,527						
Due after 10 years	Due after 10 years	317	392	403	480						
		18,076	19,258	15,914	17,259						
Residential mortgage backed securities	Residential mortgage backed securities	965	1,060	795	877						
Commercial mortgage backed securities	Commercial mortgage backed securities	1,102	1,151	1,047	1,107						

Asset	Asset				
backed	backed				
securities	securities	2,342	2,413	1,927	2,039
Total	Total	\$ 22,485	\$ 23,882	\$ 19,683	\$ 21,282

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2023 THIRD 2024 FIRST QUARTER FORM 10-Q

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Equity Securities, at Fair Value

At September 30, 2023 March 31, 2024, the Company held \$894 million \$1.7 billion of equity securities, at fair value, compared to \$860 million \$1.2 billion at December 31, 2022 December 31, 2023. Such holdings include publicly traded common stocks primarily in the consumer cyclical and non-cyclical, technology, communication and financial sectors and exchange-traded funds in fixed income, equity and other sectors.

Other Investments, at Fair Value

The following table summarizes the Company's other investments and other investable assets:

		September 30, 2023	December 31, 2022		
		March 31, 2024	March 31, 2024		December 31, 2023
Other investments	Other investments	\$ 1,404	\$ 1,043		
Fixed maturities	Fixed maturities	644	554		
Short term investments					
Equity securities	Equity securities	7	14		
Short-term investments		13	33		
Total	Total	\$ 2,068	\$ 1,644		
Total					
Total					

The following table summarizes the Company's other investments, as detailed in the previous table, by strategy:

		September 30, 2023	December 31, 2022		
		March 31, 2024	March 31, 2024		December 31, 2023
Lending	Lending	\$ 460	\$ 406		
Investment grade fixed income	Investment grade fixed income	418	271		

Term loan investments	Term loan investments	242	164
Private equity	Private equity	182	123
Credit related funds	Credit related funds	84	56
Energy	Energy	18	23
Total	Total	\$ 1,404	\$ 1,043
Total			
Total			

Net Investment Income

The components of net investment income were derived from the following sources:

	March 31,	
	2024	2023
Three Months Ended		
Fixed maturities	\$ 280	\$ 188
Short term investments	29	14
Equity securities	8	4
Other (1)	33	13
Gross investment income	350	219
Investment expenses	(23)	(20)
Net investment income	\$ 327	\$ 199

(1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other items.

Net Realized Gains (Losses)

Net realized gains (losses), which include changes in the allowance for credit losses on financial assets and net impairment losses recognized in earnings were as follows:

	March 31,	
	2024	2023
Three Months Ended		
Available for sale securities:		
Gross gains on investment sales	\$ 50	\$ 17
Gross losses on investment sales	(78)	(111)
Change in fair value of assets and liabilities accounted for using the fair value option:		
Fixed maturities	2	6
Other investments	(2)	9
Equity securities	—	1
Equity securities, at fair value:		
Net realized gains (losses) on sales during the period	11	19
Net unrealized gains (losses) on equity securities still held at reporting date	82	38
Allowance for credit losses:		
Investments related	(6)	(16)
Underwriting related	1	—
Derivative instruments (1)	(10)	56
Other	17	(2)
Net realized gains (losses)	\$ 67	\$ 17

(1) See [note 9](#) for information on the Company's derivative instruments.

Investments Accounted For Using the Equity Method

The following table summarizes the Company's investments accounted for using the equity method, by strategy:

		September 30, 2023	December 31, 2022
		March 31, 2024	March 31, 2024
		December 31, 2023	
Credit related funds	Credit related funds	\$ 1,165	\$ 1,136
Private equity	Private equity	1,083	917
Real estate	Real estate	620	535
Lending	Lending	555	531
Infrastructure	Infrastructure	298	245
Fixed income	Fixed income	258	130
Equities	Equities	171	169
Energy	Energy	101	111
Total	Total	\$ 4,251	\$ 3,774

Certain of the Company's other investments are in investment funds for which the Company has the option to redeem at agreed upon values as described in each investment fund's subscription agreement. Depending on the terms of the various subscription agreements, investments in investment funds may be redeemed daily, monthly, quarterly or on other terms. Two common redemption restrictions which may impact the Company's ability to redeem these investment funds are gates and lockups. A gate is a suspension of redemptions which may be implemented by the general partner or investment manager of the fund in order to

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

defer, in whole or in part, the redemption request in the event the aggregate amount of redemption requests exceeds a predetermined percentage of the investment fund's net assets which may otherwise hinder the general partner or investment manager's ability to liquidate holdings in an orderly fashion in order to generate the cash necessary to fund extraordinarily large redemption payouts. A lockup period is the initial amount of time an investor is contractually required to hold the security before having the ability to redeem. If the investment funds are eligible to be redeemed, the time to redeem such fund can take weeks or months following the notification.

Limited Partnership Interests

In the normal course of its activities, the Company invests in limited partnerships as part of its overall investment strategy. Such amounts are included in 'investments accounted for using the equity method' and 'investments accounted for using the fair value option.' The Company has determined that it is not required to consolidate these investments because it is not the primary beneficiary of the funds. The Company's maximum exposure to loss with respect to these investments is limited to the investment carrying amounts reported in the Company's consolidated balance sheet and any unfunded commitment.

The following table summarizes investments in limited partnership interests where the Company has a variable interest by balance sheet line item:

		September 30, 2023	December 31, 2022
		March 31, 2024	December 31, 2023
Investments accounted for using the equity method (1)	Investments accounted for using the equity method (1)	\$ 4,251	\$ 3,774
Investments accounted for using the fair value option (2)	Investments accounted for using the fair value option (2)	128	131
Total	Total	\$ 4,379	\$ 3,905

(1) Aggregate unfunded commitments were \$3.0 billion \$3.5 billion at September 30, 2023 March 31, 2024, compared with \$2.6 billion \$3.4 billion at December 31, 2022 December 31, 2023.

(2) Aggregate unfunded commitments were \$32 million \$29 million at September 30, 2023 March 31, 2024, compared to \$17 million \$32 million at December 31, 2022 December 31, 2023.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Net Investment Income

The components of net investment income were derived from the following sources:

	September 30,	
	2023	2022
Three Months Ended		
Fixed maturities	\$ 243	\$ 124
Equity securities	5	4
Short-term investments	19	9
Other (1)	22	9
Gross investment income	289	146
Investment expenses	(20)	(17)
Net investment income	\$ 269	\$ 129
Nine Months Ended		
Fixed maturities	\$ 645	\$ 311
Equity securities	15	16
Short-term investments	48	16
Other (1)	60	29
Gross investment income	768	372
Investment expenses	(58)	(57)
Net investment income	\$ 710	\$ 315

(1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other items.

Net Realized Gains (Losses)

Net realized gains (losses), which include changes in the allowance for credit losses on financial assets and net impairment losses recognized in earnings were as follows:

	September 30,	
	2023	2022
Three Months Ended		
Available for sale securities:		
Gross gains on investment sales	\$ 12	\$ 18
Gross losses on investment sales	(116)	(74)
Change in fair value of assets and liabilities accounted for using the fair value option:		
Fixed maturities	(16)	(19)
Other investments	3	(18)
Equity securities	—	(1)
Short-term investments	—	(1)
Equity securities, at fair value:		
Net realized gains (losses) on sales during the period	14	(6)
Net unrealized gains (losses) on equity securities still held at reporting date	(46)	(36)
Allowance for credit losses:		
Investments related	—	9
Underwriting related	(1)	(4)
Derivative instruments (1)	(102)	(48)
Other	4	(4)
Net realized gains (losses)	\$ (248)	\$ (184)
Nine Months Ended		
Available for sale securities:		
Gross gains on investment sales	\$ 51	\$ 53
Gross losses on investment sales	(396)	(239)
Change in fair value of assets and liabilities accounted for using the fair value option:		
Fixed maturities	(12)	(89)
Other investments	17	(37)
Equity securities	1	(6)
Short-term investments	—	(3)
Equity securities, at fair value:		
Net realized gains (losses) on sales during the period	50	76
Net unrealized gains (losses) on equity securities still held at reporting date	17	(318)
Allowance for credit losses:		
Investments related	(23)	(48)
Underwriting related	(2)	(7)

Derivative instruments (1)	(61)	(118)
Other	4	(7)
Net realized gains (losses)	<u>\$ (354)</u>	<u>\$ (743)</u>

(1) See [note 9](#) for information on the Company's derivative instruments.

Equity in Net Income (Loss) of Investment Funds Accounted for Using the Equity Method

The Company recorded income of \$59 million related to income from investment funds accounted for using the equity method in the 2023 third quarter, compared to a loss of \$19 million for

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

the 2022 third quarter and income of \$176 million for the nine months ended September 30, 2023. 2024 first quarter was \$99 million, compared to income of \$75 million \$48 million for nine months ended September 30, 2022; the 2023 first quarter. In applying the equity method, investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the funds (which include changes in the market value of the underlying securities in the funds). Such investments are generally recorded on a one to three month lag based on the availability of reports from the investment funds.

Investments in Operating Affiliates

Investments in which the Company has significant influence over the operating and financial policies are classified as 'investments in operating affiliates' on the Company's balance sheets and are accounted for under the equity method. Such investments primarily include the Company's investment in Coface SA ("Coface"), Greysbridge Holdings Ltd., ("Greysbridge") and Premia Holdings Ltd. Investments in Coface and Premia Holdings Ltd. are generally recorded on a three month lag, while the Company's investment in

Greysbridge is not recorded on a lag.

As of September 30, 2023 March 31, 2024, the Company owned approximately 29.9% of the issued shares of Coface, or 30% 30.1% excluding treasury shares, with a carrying value of \$521 \$586 million, compared to \$563 \$570 million at December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024, the Company owned 40% of Greysbridge with a carrying value of \$362 \$472 million, compared to \$306 \$430 million at December 31, 2022 December 31, 2023.

Income from operating affiliates for the 2023 third 2024 first quarter was \$54 million \$55 million, compared to \$9 million, \$39 million for the 2022 third quarter, and income of \$115 million for the nine months ended September 30, 2023, compared to income of \$39 million for nine months ended September 30, 2022. 2023 first quarter.

See [note 15](#) for information on Company's transactions with related parties.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Allowance for Expected Credit Losses

The following table provides a roll forward of the allowance for expected credit losses of the Company's securities classified as available for sale:

	Structured		Non-U.S.	
	Securities	Corporate	Government	
	(1)	Bonds	Securities	Total
<u>Three Months Ended September 30, 2023</u>				

		Structured Securities (1)				Structured Securities (1)				Structured Securities (1)				Corporate Bonds				Non-U.S. Government Securities				Total			
Three Months Ended March 31, 2024																									
Balance at beginning of period																									
Balance at beginning of period																									
Balance at beginning of period	Balance at beginning of period	\$	8	\$	50	\$	3	\$	61																
Additions for current-period provision for expected credit losses																									
Additions for current-period provision for expected credit losses																									
Additions for current-period provision for expected credit losses	Additions for current-period provision for expected credit losses		2		4		—		6																
Additions (reductions) for previously recognized expected credit losses	Additions (reductions) for previously recognized expected credit losses		—		(3)		—		(3)																
Reductions due to disposals	Reductions due to disposals		(2)		(4)		(1)		(7)																
Balance at end of period	Balance at end of period	\$	8	\$	47	\$	2	\$	57																
Balance at end of period																									
Balance at end of period																									
Three Months Ended September 30, 2022																									

Three Months Ended March 31,							
2023							
Three Months Ended March 31,							
2023							
Three Months Ended March 31,							
2023							
Balance at beginning of period							
Balance at beginning of period							
Balance at beginning of period	Balance at beginning of period	\$	19	\$	40	\$	— \$ 59
Additions for current-period provision for expected credit losses							
Additions for current-period provision for expected credit losses							
Additions for current-period provision for expected credit losses	Additions for current-period provision for expected credit losses		2		2		— 4
Additions (reductions) for previously recognized expected credit losses	Additions (reductions) for previously recognized expected credit losses		(10)		(3)		— (13)
Reductions due to disposals	Reductions due to disposals		(2)		(2)		— (4)
Balance at end of period	Balance at end of period	\$	9	\$	37	\$	— \$ 46
Nine Months Ended September 30,							
2023							
Balance at beginning of period							
		\$	9	\$	30	\$	2 \$ 41
Additions for current-period provision for expected credit losses							
			2		5		— 7
Additions (reductions) for previously recognized expected credit losses							
			(1)		18		1 18
Reductions due to disposals							
			(2)		(6)		(1) (9)
Balance at end of period							

Balance at end of period	Balance at end of period						
		\$	8	\$	47	\$	2 \$ 57
<u>Nine Months Ended September 30,</u>							
<u>2022</u>							
Balance at beginning of period		\$	1	\$	2	\$	— \$ 3
Additions for current- period provision for expected credit losses			13		40		— 53
Additions (reductions) for previously recognized expected credit losses			(3)		(3)		— (6)
Reductions due to disposals			(2)		(2)		— (4)
Balance at end of period		\$	9	\$	37	\$	— \$ 46

(1) Includes asset backed securities, residential mortgage backed securities and commercial mortgage backed securities.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Restricted Assets

The Company is required to maintain assets on deposit, which primarily consist of fixed maturities, with various regulatory authorities to support its underwriting operations. The Company's subsidiaries maintain assets in trust accounts as collateral for transactions with affiliated companies and also have investments in segregated portfolios primarily to provide collateral or guarantees for letters of credit to third parties. See note 18, "Commitments and Contingencies," of the notes to consolidated financial statements in the Company's 2022 2023 Form 10-K.

The following table details the value of the Company's restricted assets:

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Assets used for collateral or guarantees:	Assets used for collateral or guarantees:			Assets used for collateral or guarantees:	
Affiliated transactions	Affiliated transactions \$	4,572	\$ 4,254		
Third party agreements	Third party agreements	2,849	2,633		
Deposits with U.S. regulatory authorities	Deposits with U.S. regulatory authorities	788	776		
Other (1)	Other (1)	1,250	1,038		
Total restricted assets	Total restricted assets	\$ 9,459	\$ 8,701		
Total restricted assets					
Total restricted assets					

(1) Primarily includes Funds at Lloyds, deposits with non-U.S. regulatory authorities and other restricted assets.

Reconciliation of Cash and Restricted Cash

The following table details reconciliation of cash and restricted cash within the Consolidated Balance Sheets:

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Cash	Cash	\$ 859	\$ 855		
Restricted cash (included in 'other assets')	Restricted cash (included in 'other assets')	496	418		
Cash and restricted cash	Cash and restricted cash	\$ 1,355	\$ 1,273		

8. Fair Value

Accounting guidance regarding fair value measurements addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. In addition, it establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The level in the hierarchy within which a given fair value measurement falls is determined based on the lowest level input that is significant to the measurement (Level 1 being the highest priority and Level 3 being the lowest priority).

The levels in the hierarchy are defined as follows:

Level 1:	Inputs to the valuation methodology are observable inputs that reflect quoted prices (unadjusted) for <i>identical</i> assets or liabilities in <i>active markets</i>
Level 2:	Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
Level 3:	Inputs to the valuation methodology are unobservable and significant to the fair value measurement

Following is a description of the valuation methodologies used for securities measured at fair value, as well as the general classification of such securities pursuant to the valuation hierarchy. The Company reviews its securities measured at fair value and discusses the proper classification of such investments with investment advisers and others.

The Company determines the existence of an active market based on its judgment as to whether transactions for the financial instrument occur in such market with sufficient frequency and volume to provide reliable pricing information. The independent pricing sources obtain market quotations and actual transaction prices for securities that have quoted prices in active markets. The Company uses quoted values and other data provided by nationally recognized independent pricing sources as inputs into its process for determining fair values of its fixed maturity investments. To validate the techniques or models used by pricing sources, the Company's review process includes, but

is not limited to: (i) quantitative analysis (e.g., comparing the quarterly return for each managed portfolio to its target benchmark, with significant differences identified and investigated); (ii) a review of the average number of prices obtained in the pricing process and the range of resulting fair values; (iii) initial and ongoing evaluation of methodologies used by outside parties to calculate fair value; (iv) a comparison of the fair value estimates to the Company's knowledge of the current market; (v) a comparison of the pricing services' fair values to other pricing services' fair values for the same investments; and (vi) periodic back-testing, which includes randomly selecting purchased or sold securities and comparing the executed prices to the fair value estimates from the pricing service. A price source hierarchy was maintained in order to determine which price source would be used (i.e., a price obtained from a pricing service with more seniority in the hierarchy will be used over a less senior one in all cases). The hierarchy prioritizes pricing

services based on availability and reliability and assigns the highest priority to index providers. Based on the above review, the Company will challenge any prices for a security or portfolio which are considered not to be representative of fair value. The Company did not adjust any of the prices obtained from the independent pricing sources at **September 30, 2023** **March 31, 2024**.

In certain circumstances, when fair values are unavailable from these independent pricing sources, quotes are obtained directly from broker-dealers who are active in the corresponding markets. Such quotes are subject to the validation procedures noted above. Where quotes are unavailable, fair value is determined by the Investment Manager using quantitative and qualitative assessments such as internally modeled values. Of the **\$27.5 billion** **\$30.6 billion** of financial assets and liabilities measured at fair value at **September 30, 2023** **March 31, 2024**, approximately \$15 million, or **0.1%** **0.0%**, were priced using non-binding broker-dealer quotes or modeled valuations. Of the **\$23.8 billion** **\$29.6 billion** of financial assets and liabilities measured at fair value at **December 31, 2022** **December 31, 2023**, approximately **\$13 million** **\$14 million**, or **0.1%** **0.0%**, were priced using non-binding broker-dealer quotes or modeled valuations.

Fixed maturities

The Company uses the market approach valuation technique to estimate the fair value of its fixed maturity securities, when possible. The market approach includes obtaining prices from independent pricing services, such as index providers and pricing vendors, as well as to a lesser extent quotes from broker-dealers. The independent pricing sources obtain market quotations and actual transaction prices for securities that have quoted prices in active markets. Each source has its own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of "matrix pricing" in which the independent pricing source uses observable market inputs

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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including, but not limited to, investment yields, credit risks and spreads, benchmarking of like securities, broker-dealer quotes, reported trades and sector groupings to determine a reasonable fair value.

The following describes the significant inputs generally used to determine the fair value of the Company's fixed maturity securities by asset class:

U.S. government and government agencies – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The Company determined that all U.S. Treasuries would be classified as Level 1 securities due to observed levels of trading activity, the high number of strongly correlated pricing quotes received on U.S. Treasuries and other factors. The fair values of U.S. government agency securities are generally determined using the spread above the risk-free

yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. government agency securities are classified within Level 2.

Corporate bonds – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined using the spread above the risk-free yield curve. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. As the significant inputs used in the pricing process for corporate bonds are observable market inputs, the fair value of these securities are classified within Level 2. A small number of securities are included in Level 3 due to a low level of transparency on the inputs used in the pricing process.

Municipal bonds – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The fair values of these securities are generally determined using spreads obtained from broker-dealers who trade in the relevant security market, trade prices and the new issue market. As the significant inputs used in the pricing process for municipal bonds are observable market inputs, the fair value of these securities are classified within Level 2.

Residential mortgage-backed securities – valuations provided by independent pricing services, substantially all through pricing vendors and index providers with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models (including Option Adjusted Spread) which use spreads to determine the expected average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. The pricing services also review

prepayment speeds and other indicators, when applicable. As the significant inputs used in the pricing process for mortgage-backed securities are observable market inputs, the fair value of these securities are classified within Level 2. A small number of securities are included in Level 3 due to a low level of transparency on the inputs used in the pricing process.

Commercial mortgage-backed securities – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models which use spreads to determine the appropriate average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. The pricing services also review prepayment speeds

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
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and other indicators, when applicable. As the significant inputs used in the pricing process for commercial mortgage-backed securities are observable market inputs, the fair value of these securities are classified within Level 2.

Non-U.S. government securities – valuations provided by independent pricing services, with all prices provided through index providers and pricing vendors. The fair values of these securities are generally based on international indices or valuation models which include daily observed yield curves, cross-currency basis index spreads and country credit spreads. As the significant inputs used in the pricing process for non-U.S. government securities are observable market inputs, the fair value of these securities are classified within Level 2.

Asset-backed securities – valuations provided by independent pricing services, substantially all through index providers and pricing vendors with a small amount through broker-dealers. The fair values of these securities are generally determined through the use of pricing models (including Option Adjusted Spread) which use spreads to determine the appropriate average life of the securities. These spreads are generally obtained from the new issue market, secondary trading and from broker-dealers who trade in the relevant security market. The pricing services also review prepayment speeds and other indicators, when applicable. As the significant inputs used in the pricing process for asset-backed securities are observable market inputs, the fair value of these securities are classified within Level 2.

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Equity securities

The Company determined that exchange-traded equity securities would be included in Level 1 as their fair values are based on quoted market prices in active markets. Certain equity securities are included in Level 2 of the valuation hierarchy as the significant inputs used in the pricing process for such securities are observable market inputs. Other equity securities are included in Level 3 due to the lack of an available independent price source for such securities. As the significant inputs used to price these securities are unobservable, the fair value of such securities are classified as Level 3.

Other investments

The Company's other investments include term loan investments for which fair values are estimated by using quoted prices of term loan investments with similar characteristics, pricing models or matrix pricing. Such investments are generally classified within Level 2. The fair values for certain of the Company's other investments are determined using net asset values as advised by external fund managers. The net asset value is based on the fund manager's valuation of the underlying holdings in accordance with the fund's governing documents. In accordance with applicable accounting guidance, certain investments that are measured at

fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. A small number of securities are included in Level 3 due to the lack of an available independent price source for such securities.

Derivative instruments

The Company's futures contracts, foreign currency forward contracts, interest rate swaps and other derivatives trade in the over-the-counter derivative market. The Company uses the market approach valuation technique to estimate the fair value for these derivatives based on significant observable market inputs from third party pricing vendors, non-binding broker-dealer quotes and/or recent trading activity. As the significant inputs used in the pricing process for these derivative instruments are observable market inputs, the fair value of these securities are classified within Level 2.

Short-term investments

The Company determined that certain of its short-term investments held in highly liquid money market-type funds, Treasury bills and commercial paper would be included in Level 1 as their fair values are based on quoted market prices in active markets. The fair values of certain short-term investments are generally determined using the spread above the risk-free yield curve and are classified within Level 2. Other short-term investments are included in Level 3 due to the lack of an available independent price source for such securities. As the significant inputs used to price these short-term securities are unobservable, the fair value of such securities are classified as Level 3.

Residential mortgage loans

The Company's residential mortgage loans (included in 'other assets' in the consolidated balance sheets) include amounts related to the Company's whole mortgage loan purchase and sell program. Fair values of residential mortgage loans are generally determined based on market prices. As significant inputs used in pricing process for these residential mortgage loans are observable market inputs, the fair value of these securities are classified within Level 2.

Other liabilities

The Company's other liabilities include contingent and deferred consideration liabilities related to the Company's acquisitions. Contingent consideration liabilities are remeasured at fair value at each balance sheet date with changes in fair value recognized in 'net realized gains (losses).' To determine the fair value of contingent consideration liabilities, the Company estimates the future payments using an income approach based on modeled inputs which include a weighted average cost of capital. Deferred consideration liabilities are measured at fair value on the transaction date. The Company determined that contingent and deferred consideration liabilities would be included within Level 3.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table presents the Company's financial assets and liabilities measured at fair value by level at **September 30, 2023** **March 31, 2024**:

		Estimated Fair Value Measurements Using:					Estimated Fair Value Measurements Using:			
		Quoted Prices in		Significant			Quoted Prices in		Significant	
		Active Markets		Other			Active Markets		Other	
		for Identical		Observable			for Identical		Observable	
		Estimated	Assets	Inputs	Unobservable		Estimated	Assets	Inputs	
		Fair	(Level 1)	(Level 2)	(Level 3)	Fair	(Level 1)	(Level 2)	(Level 3)	
Assets	Assets									
measured at	measured at									
fair value:	fair value:					Assets measured at fair value:				
Available for	Available for					Available for sale securities:				
sale securities:	sale securities:									
Fixed	Fixed					Fixed maturities:				
maturities:	maturities:									
Corporate	Corporate	\$ 10,064	\$ —	\$ 9,940	\$ 124					
bonds	bonds									
U.S.	U.S.									
government	government									
and	and									
government	government									
agencies	agencies	5,662	5,640	22	—					
Asset	Asset									
backed	backed									
securities	securities	2,342	—	2,342	—					
Non-U.S.	Non-U.S.									
government	government									
securities	securities	2,052	—	2,052	—					
Commercial	Commercial									
mortgage	mortgage									
backed	backed									
securities	securities	1,102	—	1,102	—					
Residential	Residential									
mortgage	mortgage									
backed	backed									
securities	securities	965	—	965	—					
Municipal	Municipal									
bonds	bonds	298	—	298	—					
Total	Total	22,485	5,640	16,721	124					
Short-term	Short-term									
investments	investments	1,682	1,635	47	—					
Short-term investments										
Short-term investments										
Equity securities, at fair value										
Equity securities, at fair value										
Equity	Equity									
securities, at	securities, at									
fair value	fair value	894	860	29	5					
Derivative	Derivative									
instruments (2)	instruments (2)	192	—	192	—					
Derivative instruments (2)										
Derivative instruments (2)										
Residential mortgage loans										
Residential mortgage loans										

Residential mortgage loans	Residential mortgage loans	2	—	2	—
Fair value option:	Fair value option:				
Fair value option:					
Fair value option:					
Corporate bonds					
Corporate bonds					
Corporate bonds	Corporate bonds	620	—	620	—
Non-U.S. government bonds	Non-U.S. government bonds	15	—	15	—
Asset backed securities					
Asset backed securities					
Asset backed securities	Asset backed securities	2	—	2	—
U.S. government and government agencies	U.S. government and government agencies	7	7	—	—
Short-term investments	Short-term investments	13	1	8	4
Equity securities	Equity securities	7	3	—	4
Other investments	Other investments	341	—	241	100
Other investments measured at net asset value (1)	Other investments measured at net asset value (1)	1,063			
Total	Total	2,068	11	886	108
Total					
Total					
Total assets measured at fair value	Total assets measured at fair value	\$ 27,323	\$ 8,146	\$ 17,877	\$ 237
Total assets measured at fair value					
Total assets measured at fair value					
Liabilities measured at fair value:					
Liabilities measured at fair value:					
Liabilities measured at fair value:	Liabilities measured at fair value:				
Liabilities measured at fair value:	Liabilities measured at fair value:				

Other liabilities	Other liabilities	\$ (21)	\$ —	\$ —	\$ (21)
Derivative instruments (2)	Derivative instruments (2)	(114)	—	(114)	—
Derivative instruments (2)					
Derivative instruments (2)					
Total liabilities measured at fair value	Total liabilities measured at fair value	\$ (135)	\$ —	\$ (114)	\$ (21)

- (1) In accordance with applicable accounting guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.
- (2) See [note 9](#).

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The following table presents the Company's financial assets and liabilities measured at fair value by level at December 31, 2022 December 31, 2023:

		Estimated Fair Value Measurements Using:					Estimated Fair Value Measurements Using:			
		Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs			Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs	
		Estimated Fair Value		Estimated Fair Value			Estimated Fair Value		Estimated Fair Value	
		(Level 1)		(Level 2)			(Level 1)		(Level 2)	
Assets measured at fair value:	Assets measured at fair value:									
Available for sale securities:	Available for sale securities:									
Available for sale securities:	Available for sale securities:									
Fixed maturities:	Fixed maturities:									
Fixed maturities:	Fixed maturities:									
Corporate bonds	Corporate bonds									
Corporate bonds	Corporate bonds									
U.S. government and government agencies	U.S. government and government agencies									
U.S. government and government agencies	U.S. government and government agencies									

Asset backed securities	Asset backed securities	1,927	—	1,927	—
Non-U.S. government securities	Non-U.S. government securities	2,313	—	2,313	—
Commercial mortgage backed securities	Commercial mortgage backed securities	1,047	—	1,047	—
Residential mortgage backed securities	Residential mortgage backed securities	795	—	795	—
Municipal bonds	Municipal bonds	419	—	419	—
Total	Total	19,683	5,145	14,417	121
Short-term investments	Short-term investments	1,332	1,198	134	—
Short-term investments					
Short-term investments					
Equity securities, at fair value					
Equity securities, at fair value					
Equity securities, at fair value	Equity securities, at fair value	860	829	28	3
Derivative instruments (2)	Derivative instruments (2)	149	—	149	—
Derivative instruments (2)					
Derivative instruments (2)					
Residential mortgage loans					
Residential mortgage loans					
Residential mortgage loans	Residential mortgage loans	2	—	2	—
Fair value option:	Fair value option:				
Fair value option:					
Corporate bonds					
Corporate bonds					
Corporate bonds	Corporate bonds	543	—	543	—
Non-U.S. government bonds	Non-U.S. government bonds	4	—	4	—
Asset backed securities					
Asset backed securities					
Asset backed securities	Asset backed securities	2	—	2	—

U.S. government and government agencies	U.S. government and government agencies	5	5	—	—
Short-term investments	Short-term investments	33	1	32	—
Equity securities	Equity securities	14	10	—	4
Other investments	Other investments	196	—	163	33
Other investments measured at net asset value (1)	Other investments measured at net asset value (1)	847			
Total	Total	1,644	16	744	37
Total					
Total					
Total assets measured at fair value					
Total assets measured at fair value					
Total assets measured at fair value	Total assets measured at fair value	\$ 23,670	\$ 7,188	\$ 15,474	\$ 161
<u>Liabilities</u>	<u>Liabilities</u>				
<u>measured at</u>	<u>measured at</u>				
<u>fair value:</u>	<u>fair value:</u>				
<u>Liabilities measured at fair</u>					
<u>value:</u>					
<u>Liabilities measured at fair</u>					
<u>value:</u>					
Other liabilities					
Other liabilities					
Other liabilities	Other liabilities	\$ (14)	\$ —	\$ —	\$ (14)
Derivative instruments (2)	Derivative instruments (2)	(76)	—	(76)	—
Derivative instruments (2)					
Derivative instruments (2)					
Total liabilities measured at fair value	Total liabilities measured at fair value	\$ (90)	\$ —	\$ (76)	\$ (14)

- (1) In accordance with applicable accounting guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.
- (2) See [note 9](#).

The following table presents a reconciliation of the beginning and ending balances for all financial assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

Balance at beginning of period								
Balance at beginning of period								
Balance at beginning of period	Balance at beginning of period	\$	3	\$	4	\$	34	\$ — 5 3 (17)
Total gains or (losses) (realized/unrealized)	Total gains or (losses) (realized/unrealized)							
Included in earnings (2)		(1)	—	—	—	—	—	—
Included in earnings (1)								
Included in earnings (1)								
Included in earnings (1)								
Included in other comprehensive income	Included in other comprehensive income	—	—	—	—	—	—	1
Purchases, issuances, sales and settlements	Purchases, issuances, sales and settlements							
Purchases								
Purchases								
Purchases	Purchases	—	—	1	—	—	—	—
Issuances	Issuances	—	—	—	—	—	—	—
Sales	Sales	(2)	(4)	(1)	—	—	—	—
Settlements	Settlements	—	—	—	—	—	—	2
Transfers in and/or out of Level 3	Transfers in and/or out of Level 3	—	—	—	—	—	—	—
Balance at end of period	Balance at end of period	\$	—	\$	—	\$	34	\$ — 5 3 (14)
Nine Months Ended September 30, 2023								
Balance at beginning of year		\$	—	\$	121	\$	33	\$ — 4 4 (14)
Total gains or (losses) (realized/unrealized)								
Included in earnings (2)		—	1	(1)	—	—	—	—
Included in other comprehensive income		—	(1)	—	—	—	—	—
Purchases, issuances, sales and settlements								
Purchases		—	68	87	4	—	1	—
Issuances		—	—	—	—	—	—	(9)
Sales		—	—	(10)	—	—	—	—
Settlements		—	(65)	(9)	—	—	—	2
Transfers in and/or out of Level 3		—	—	—	—	—	—	—
Balance at end of period		\$	—	\$	124	\$	100	\$ 4 4 5 (21)
Nine Months Ended September 30, 2022								
Balance at beginning of year		\$	3	\$	—	\$	28	\$ — 5 3 (17)
Total gains or (losses) (realized/unrealized)								
Included in earnings (2)		(1)	—	—	—	—	—	—
Included in other comprehensive income		—	—	—	—	—	—	1
Purchases, issuances, sales and settlements								
Purchases		—	—	12	—	—	—	—
Issuances		—	—	—	—	—	—	—
Sales		(2)	(4)	(3)	—	—	—	—
Settlements		—	—	(3)	—	—	—	2
Transfers in and/or out of Level 3		—	4	—	—	—	—	—

Balance at end of period	\$	—	\$	—	\$	34	\$	—	\$	5	\$	3	\$	(14)
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(1) Includes asset backed securities, residential mortgage backed securities and commercial mortgage backed securities.

(2) Gains or losses were included in net realized gains (losses).

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termination amount, which is expressed in a single currency. The resulting single net amount, where positive, is payable to the party “in-the-money” regardless of whether or not it is the defaulting party, unless the parties have agreed that only the non-defaulting party is entitled to receive a termination payment where the net amount is positive and is in its favor. Contractual close-out netting reduces derivatives credit exposure from gross to net exposure.

At September 30, 2023 March 31, 2024, asset derivatives and liability derivatives of \$192 million \$120 million and \$114 million \$57 million, respectively, were subject to a master netting agreement, compared to \$147 million \$197 million and \$73 million \$119 million, respectively, at December 31, 2022 December 31, 2023. The remaining derivatives included in the preceding table were not subject to a master netting agreement.

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Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:	September 30,	Derivatives not designated as hedging instruments:	March 31,	
Three Months Ended	Three Months Ended	2023	2022	2024	2023

(1) Includes realized gains and losses on swaps, options and other derivatives contracts.

Letter of Credit and Revolving Credit Facilities

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The commitments under the Credit Agreement will expire on August 23, 2028, and all loans then outstanding under the Credit Facility must be repaid at such time. Letters of credit issued under the Credit Facility will not have an expiration date later than August 23, 2029.

On September 27, 2023, Arch Reinsurance Ltd., ("Arch Re Bermuda") a wholly-owned subsidiary of Arch Capital, entered as the borrower into a Letter of Credit Facility Agreement (the "LOC Agreement") with Lloyds Bank Corporate Markets plc ("Lloyds Bank"). The LOC Agreement provides for a \$175 million unsecured facility for letters of credit. The commitments under the LOC Agreement will expire on September 27, 2025.

At September 30, 2023, the \$425 million secured letter of credit facility had \$355 million of letters of credit outstanding and remaining capacity of \$70 million. In addition, certain of Arch Capital's subsidiaries had outstanding secured and unsecured letters of credit through other facilities of \$35 million and \$400 million respectively, which were issued in the normal course of business.

See [note 16, "Subsequent Events,"](#)

Investment Commitments

The Company's investment commitments, which are primarily related to agreements entered into by the Company to invest in funds and separately managed accounts when called upon, were approximately \$3.1 billion \$3.7 billion at September 30, 2023 March 31, 2024, compared to \$2.9 billion \$3.6 billion at December 31, 2022 December 31, 2023.

Interest Paid

Interest paid on the Company's senior notes and other borrowings was \$63 million for the nine months ended September 30, 2023, compared to \$65 million for the 2022 period.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

11. Variable Interest Entities

Bellemeade Re

The Company has entered into aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda (the "Bellemeade Agreements"). At the time the Bellemeade Agreements were entered into, the applicability of the accounting guidance that addresses VIEs was evaluated. As a result of the evaluation of the Bellemeade Agreements, the Company concluded that these entities are VIEs. However, given that the ceding insurers do not have the unilateral power to direct those activities that are significant to their economic performance, the Company does not consolidate such entities in its consolidated financial statements. The reinsurance premium paid in regard to the Bellemeade Agreements is calculated by multiplying the outstanding reinsurance coverage amount at the beginning of the period by the coupon rate, which is the SOFR plus a contractual risk margin, less the actual investment income collected during the preceding month on the assets included in the underlying reinsurance trusts. In the event the assets included in the underlying reinsurance trusts (became became severely impaired or worthless and the special purpose reinsurance companies were unable to meet their future obligations, the Company's mortgage insurance subsidiaries would be liable to fulfill claim payments to policyholders. The Company's maximum exposure to loss associated with these VIEs is determined as the amount of mortgage insurance claim payments on the insured policies, net of aggregate reinsurance payments previously received, up to the full aggregate excess of loss reinsurance coverage amounts. See note 16, "Subsequent Events."

The following table summarizes the total assets of the Bellemeade entities:

Bellemeade Entities (Issue Date)	September 30, 2023		December 31, 2022
	Coverage Remaining		Total VIE
	Total VIE Assets	from Reinsurers (1)	Assets
2017-1 Ltd. (Oct-17)	\$ —	\$ —	\$ 37
2018-1 Ltd. (Apr-18)	51	—	90
2018-3 Ltd. (Oct-18)	154	—	199
2019-1 Ltd. (Mar-19)	80	—	108
2019-2 Ltd. (Apr-19)	265	—	325
2019-3 Ltd. (Jul-19)	120	—	223
2019-4 Ltd. (Oct-19)	218	—	266
2020-2 Ltd. (Sep-20)	54	—	105
2020-3 Ltd. (Nov-20)	183	4	244
2020-4 Ltd. (Dec-20)	67	2	98
2021-1 Ltd. (Mar-21)	388	17	467
2021-2 Ltd. (Jun-21)	380	58	458
2021-3 Ltd. (Sep-21)	444	116	490
2022-1 Ltd. (Jan-22)	269	30	284
2022-2 Ltd. (Sep-22)	201	126	201
Total	\$ 2,874	\$ 353	\$ 3,595

Bellemeade Entities (Issue Date)	March 31, 2024		December 31, 2023
	Coverage Remaining		Total VIE
	Total VIE Assets	from Reinsurers (1)	Assets
2019-1 Ltd. (Mar-19)	\$ —	\$ —	\$ 71
2019-3 Ltd. (Jul-19)	75	—	99
2021-3 Ltd. (Sep-21)	414	108	429
2022-1 Ltd. (Jan-22)	244	23	256
2022-2 Ltd. (Sep-22)	201	126	201
2023-1 Ltd. (Oct-23)	186	47	186
Total	\$ 1,120	\$ 304	\$ 1,242

(1) Coverage from a separate panel of reinsurers remaining at September 30, 2023 March 31, 2024.

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12. Other Comprehensive Income (Loss)

The following tables present details about amounts reclassified from accumulated other comprehensive income and the tax effects allocated to each component of other comprehensive income (loss):

Amounts Reclassified from AOCI	
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Consolidated Statement of		Three Months Ended		Nine Months Ended	
Income					
		Amounts Reclassified from AOCI			
		Amounts Reclassified from AOCI			
		Amounts Reclassified from AOCI			
Consolidated Statement of Income					
Details About	Details About	Line Item That Includes	September 30,	September 30,	
Details About					
Details About					
AOCI Components					
AOCI Components					
AOCI Components	AOCI Components	Reclassification	2023	2022	2023
					2022
Unrealized appreciation (decline) on available-for-sale investments	Unrealized appreciation (decline) on available-for-sale investments				
		Net realized gains (losses)	\$ (104)	\$ (56)	\$ (345)
					\$ (186)
Unrealized appreciation (decline) on available-for-sale investments					
		Provision for credit losses	—	9	(23)
					(48)
Unrealized appreciation (decline) on available-for-sale investments					
		Net realized gains (losses)			
		Net realized gains (losses)			
		Net realized gains (losses)			
		Provision for credit losses			
		Provision for credit losses			
		Provision for credit losses			
		Total before tax			
		Total before tax	(104)	(47)	(368)
		Total before tax			(234)
		Income tax (expense) benefit	8	1	24
		Net of tax	\$ (96)	\$ (46)	\$ (344)
		Total before tax			
		Income tax (expense) benefit			
		Income tax (expense) benefit			
		Income tax (expense) benefit			
		Net of tax			
		Net of tax			
		Net of tax			
		Before Tax Amount	Tax Expense (Benefit)	Net of Tax Amount	
		Before Tax Amount	Tax Expense (Benefit)	Net of Tax Amount	
Three Months Ended September 30, 2023					
Three Months Ended March 31, 2024					

Unrealized appreciation (decline) in value of investments:				
Unrealized appreciation (decline) in value of investments:				
Unrealized appreciation (decline) in value of investments:	Unrealized appreciation (decline) in value of investments:			
Unrealized holding gains (losses) arising during period	Unrealized holding gains (losses) arising during period	\$ (208)	\$ (18)	\$ (190)
Unrealized holding gains (losses) arising during period				
Unrealized holding gains (losses) arising during period				
Less reclassification of net realized gains (losses) included in net income				
Less reclassification of net realized gains (losses) included in net income				
Less reclassification of net realized gains (losses) included in net income	Less reclassification of net realized gains (losses) included in net income	(104)	(8)	(96)
Foreign currency translation adjustments	Foreign currency translation adjustments	(40)	—	(40)
Other comprehensive income (loss)	Other comprehensive income (loss)	\$ (144)	\$ (10)	\$ (134)
Three Months Ended September 30, 2022				
Three Months Ended March 31, 2023				
Three Months Ended March 31, 2023				
Three Months Ended March 31, 2023				
Unrealized appreciation (decline) in value of investments:				
Unrealized appreciation (decline) in value of investments:				

[illegible]

Less reclassification of net realized gains (losses) included in net income	(234)	(28)	(206)
Foreign currency translation adjustments	(141)	—	(141)
Other comprehensive income (loss)	<u>\$ (2,039)</u>	<u>\$ (212)</u>	<u>\$ (1,827)</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

13. Income Taxes

The Company's income tax provision on income before income taxes, including income (loss) from operating affiliates, resulted in an effective tax rate of 8.8% 8.3% for the nine three months ended September 30, 2023 March 31, 2024, compared to 3.0% 8.2% for the nine three months ended September 30, 2022 March 31, 2023. The Company's effective tax rate, which is based upon the expected annual effective tax rate, may fluctuate from period to period based on the relative mix of income or loss reported by jurisdiction and the varying tax rates in each jurisdiction. The effective tax rate for the nine months ended September 30, 2023 and 2022, included discrete income tax benefits of \$6 million and \$37 million, which had the effect of decreasing the effective tax rate on net income available to Arch common shareholders by 0.3% and 5.7%, respectively. The discrete tax items in the 2023 and 2022 periods were primarily related to equity compensation windfall benefits and the release of a valuation allowance on certain U.K. deferred tax assets, respectively.

The Company had a net deferred tax asset of \$496 million \$1.6 billion at September 30, 2023 March 31, 2024, compared to consistent with a net deferred tax asset of \$531 million \$1.6 billion at December 31, 2022 December 31, 2023. The change is primarily a result of market value fluctuations in the Company's investment portfolio. In addition, the Company paid \$127 million and \$202 million recovered \$6 million of income taxes for the nine three months ended September 30, 2023 and 2022, respectively. March 31, 2024, compared to \$4 million of income taxes paid for the three months ended March 31, 2023.

14. Legal Proceedings

The Company, in common with the insurance industry in general, is subject to litigation and arbitration in the normal course of its business. As of September 30, 2023 March 31, 2024, the Company was not a party to any litigation or arbitration which is expected by management to have a material adverse effect on the Company's results of operations and financial condition and liquidity.

15. Transactions with Related Parties

Premia Reinsurance Ltd. is a multi-line Bermuda reinsurance company (and its affiliates together with Premia Holdings Ltd., "Premia"). The Company has entered into certain reinsurance transactions with Premia. For the nine three months ended September 30, 2023 March 31, 2024, the Company recorded de minimis net premiums written and earned, of approximately \$80 million, compared to a de minimis amount \$75 million for the nine three months ended September 30, 2022 March 31, 2023. At September 30, 2023 March 31, 2024, the Company recorded a funds held asset from Premia of \$176 \$144 million, compared to \$119 \$158 million at December 31, 2022 December 31, 2023.

Somers Group Holdings Ltd. and its wholly owned subsidiaries (collectively, "Somers") are wholly owned by Greysbridge. The Company has entered into certain reinsurance transactions with Somers. For the nine three months ended September 30, 2023 March 31, 2024, the Company's net premiums written was reduced by \$457 \$219 million, compared to \$552 \$155 million for the nine three months ended September 30, 2022 March 31, 2023. In addition, Somers paid certain acquisition costs and administrative fees to the Company. At September 30, 2023 March 31, 2024, the Company recorded a reinsurance recoverable on unpaid and paid losses from Somers of \$1.3 \$1.4 billion and a reinsurance balance payable to Somers of \$499 \$584 million, compared to \$1.2 \$1.3 billion and \$414 \$475 million, respectively, at December 31, 2022 December 31, 2023.

16. Subsequent Events

Business Acquired

On April 5, 2024, the Company announced that it has entered into a master transaction agreement to acquire the U.S. middle market and entertainment insurance businesses, including select specialty insurance programs, from Allianz Global Corporate & Specialty SE ("Allianz") for a \$450 million cash consideration to Allianz. This transaction is expected to close in the second half of 2024 and is subject to regulatory approvals.

Castel Sale

On May 1, 2024, the Company completed the sale of Castel Underwriting Agencies Limited ("Castel"), a managing general underwriting platform headquartered in London, England, to a subsidiary of Ryan Specialty Holdings, Inc. The Company expects to recognize a gain on this transaction in its second quarter financial statements.

ARCH CAPITAL GROUP LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

16. Subsequent Events

Bellemeade Re 2023-1 Ltd.

In October 2023, the Company's U.S. mortgage insurance subsidiaries entered into an aggregate excess of loss reinsurance agreement with Bellemeade Re 2023-1 Ltd. ("Bellemeade 2023-1"), a special purpose reinsurance company domiciled in Bermuda. The Bellemeade 2023-1 agreement provides for up to \$233 million of aggregate excess of loss reinsurance coverage at inception in excess of \$62 million of aggregate losses for new delinquencies on a portfolio of in-force policies primarily issued from January 2023 through September 2023. The coverage amount decreases over a ten-year period as the underlying covered mortgages amortize.

Bellemeade 2023-1 financed the coverage through the issuance of mortgage insurance-linked notes in an aggregate amount of approximately \$187 million to unrelated investors (the "Notes") and an additional \$46 million capacity was provided directly to Arch MI U.S. by a separate panel of reinsurers. The maturity date of the Notes is October 25, 2033. The Notes will be redeemed prior to maturity upon the occurrence of a mandatory termination event or if the ceding insurers trigger a termination of the reinsurance agreement following the occurrence of an optional termination event. All of the proceeds paid to Bellemeade 2023-1 from the sale of the Notes were deposited into a reinsurance trust as security for Bellemeade 2023-1's obligations. At all times, funds in the reinsurance trust account are required to be invested in high credit quality money market funds.

Letter of Credit Facility Agreement

On October 25, 2023, Arch Re Bermuda entered into Amendment No. 3 and Joinder to the Letter of Credit Facility Agreement with Lloyds Bank, which amends the Letter of Credit Facility Agreement, dated as of November 3, 2020, as amended by Amendment No. 1 to Letter of Credit Facility Agreement dated as of October 29, 2021 and as further amended by Amendment No. 2 and Joinder to Letter of Credit Facility Agreement dated as of October 27, 2022 (the "Existing LOC Agreement"). The Existing LOC Agreement, as amended by Amendment No. 3 (the "Amended LOC Agreement"), provides for a \$530 million facility for letters of credit in respect of Tier 2 Funds at Lloyds. As of October 25, 2023, \$530 million face amount of letters of credit had been issued under this facility. The availability period ends on May 31, 2024.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations. This should be read in conjunction with our consolidated financial statements included in Item 1 of this report and also our Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 ("2022 2023 Form 10-K"). In addition, readers should review "Risk Factors" set forth in Item 1A of Part I of our 2022 2023 Form 10-K and "ITEM 1A—Risk Factors" of this Form 10-Q. All amounts are in millions, except per share amounts, unless otherwise noted.

Arch Capital Group Ltd. ("Arch Capital" and, together with its subsidiaries, "Arch", "we", "our" or "us") is a publicly listed Bermuda exempted company with approximately \$18.0 billion \$22.1 billion in capital at September 30, 2023 March 31, 2024 and, through operations in Bermuda, the United States, Europe, Canada and Australia, writes insurance, reinsurance and mortgage insurance on a worldwide basis.

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CURRENT OUTLOOK

As we near the end of 2023, we reported a strong 2024 first quarter, with \$1.1 billion of 2023 and look ahead to 2024, our objective to deliver long term value for our shareholders remains the same. With our commitment to underwriting acumen, prudent reserving and cycle-focused capital allocation, we were able to deliver another profitable quarter. The 2023 third quarter net income available to Arch common shareholder was \$713 million, primarily reflecting strong underwriting returns. Our underwriting teams capitalized on good market conditions and relatively light catastrophe losses to produce an outstanding \$721 million of underwriting income growth in the 2023 third quarter. Financial highlights for the quarter included book value per share growth of 4.3% and annualized net income and operating returns on average common equity of 20.2% and 24.8%, respectively. See ["Comment on Non-GAAP Financial Measures."](#)

5.2%. Our property and casualty underwriting teams continued to lean into attractive market conditions, where excellent risk-adjusted returns remain available resulting in \$3.1 billion writing \$5.6 billion of net premium gross premiums written, in the 2023 third quarter, up 26% from one year ago. Broadly, we continue the 2023 first quarter. Overall, rate changes are exceeding loss trends, and absolute returns remain above our long-term targets, positive indicators in our continued efforts to achieve rate increases above loss trend in most sectors of the property and casualty market. Although rate increases are slowing in some lines, they are re-accelerating in others, which is a good reminder that there is not a single insurance cycle, but many. We deliver superior results to our shareholders. We continue to execute our cycle management strategy by actively allocating capital to the segments with the best risk-adjusted returns, while retaining the flexibility to invest in our platform when we find attractive opportunities. We continue to practice disciplined underwriting that builds a meaningful margin of safety into pricing, taking a long-term view of risk and a prudent approach to reserving.

Our reinsurance segment was able to generate \$379 million of underwriting income in the 2024 first quarter, while gross premiums written grew 41% over the same quarter last year. As a key trading partner, when opportunities emerge Arch is there to provide solutions and financial strength to its clients.

In our insurance segment, we growth tapered from the highs of the past few years as rate increases slowed. Overall, conditions remained strong and the market is behaving rationally, two important factors that continue to take advantage of favorable global market conditions. Growth support growth and strong profit. In the 2024 first quarter, we found growth opportunities in net premiums written in the insurance segment was over 11% in the 2023 third quarter. Such growth was more broad-based because of our focus on small several lines, including excess and medium-sized specialty accounts. Although pricing has declined in some lines, such as large public directors' and officers' liability insurance, the surplus property and casualty markets in which and other specialty lines. Across most of our insurance segment operates generally continue to provide adequate returns. Specialty lines, pricing remains very healthy and we believe we can deliver attractive returns above our long term target of 15%.

As underwriting opportunities arise, our reinsurance segment is able to react quickly and significantly when markets pivot. In the reinsurance property market, our overall peak zone natural catastrophe PML for a 1-in-250 single event exposure to property catastrophe risk remains well below our self-imposed threshold (see ["Catastrophic and Severe Economic Events" Events](#)) and, because of our diversified portfolio and broad set of opportunities, we retain the flexibility to pursue the most attractive returns across lines and geographies. Our expectation is that we will continue to see hard property market conditions through next year's renewal cycle.

The 2024 first quarter provided yet another reminder of our risky world when a subdued catastrophe quarter concluded with a major industry loss, as loss activity remains elevated.

Inflation continues to be a focus for our industry. We proactively analyze available data and we incorporate emerging trends into our pricing and reserving. We believe

FINANCIAL MEASURES

that the Dali cargo ship collided with the Francis Scott Key Bridge in Baltimore. Incidents like this discipline, coupled with increases in future investment returns and prudent reserving, allows us to maximize reinforce the capabilities value of our diversified global platform.

Our Finally, our mortgage segment continues to deliver a steady level of earnings for our shareholders. Higher New originations remain tempered by high mortgage interest rates while the persistency of our in force U.S. primary mortgage insurance portfolio helped offset remains a healthy 83.6% and the slight decrease in new insurance written, which has been affected by a lower volume of mortgage originations primarily as a result of higher mortgage rates. We continue to see meaningful opportunities for the mortgage segment outside of the U.S. and our strategic decision to diversify our mortgage operations is yielding positive results. delinquency rate remains low.

Management uses the following three key financial indicators in evaluating our performance and measuring the overall growth in value generated for Arch Capital's common shareholders:

Book Value per Share

Book value per share represents total common shareholders' equity available to Arch divided by the number of common shares outstanding. Management uses growth in book value per share as a key measure of the value generated for our common shareholders each period and believes that book value per share is the key driver of Arch Capital's share price over time. Book value per share is impacted by, among other factors, our underwriting results, investment returns and share repurchase activity, which has an accretive or dilutive impact on book value per share depending on the purchase price. Book value per share was ~~\$38.62~~ ~~\$49.36~~ at ~~September 30, 2023~~ ~~March 31, 2024~~, compared to ~~\$37.04~~ ~~\$46.94~~ at ~~June 30, 2023~~ ~~December 31, 2023~~, and ~~\$29.69~~ ~~\$35.35~~ at ~~September 30, 2022~~ ~~March 31, 2023~~. The ~~4.3%~~ ~~5.2%~~ increase in book value per share for the ~~2023 third~~ ~~2024 first~~ quarter reflected strong underwriting results.

Operating Return on Average Common Equity

Operating return on average common equity ("Operating ROAE") represents annualized after-tax operating income available to Arch common shareholders divided by the average of beginning and ending common shareholders' equity available to Arch during the period. After-tax operating income available to Arch common shareholders, a non-GAAP financial measure as defined in Regulation G, represents net income available to Arch common shareholders, excluding net realized gains or losses (which includes changes in the allowance for credit losses on financial assets and net impairment losses recognized in earnings), equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other ~~loss on redemption of preferred shares~~ and income taxes. Management uses Operating ROAE as a key measure of the

return generated to common shareholders. See ["Comment on Non-GAAP Financial Measures."](#)

Our annualized net income return on average common equity was ~~20.2%~~ ~~24.6%~~ for the ~~2024 first quarter~~, compared to ~~22.3%~~ for the ~~2023 third quarter~~, compared to ~~0.2%~~ for the ~~2022 third quarter~~, and ~~20.9%~~ for the ~~nine months ended September 30, 2023~~, compared to ~~6.6%~~ for the ~~2022 period~~. ~~first quarter~~. Our Operating ROAE was ~~24.8%~~ ~~20.7%~~ for the ~~2024 first quarter~~, consistent with ~~20.7%~~ for the ~~2023 third first quarter~~. The ~~2024 first quarter~~ compared to ~~3.8%~~ for the ~~2022 third quarter~~, and ~~22.7%~~ for the ~~nine months ended September 30, 2023~~, compared to ~~11.6%~~ for the ~~2022 period~~. The ~~2023 periods~~ reflected strong underwriting and investment results, while the ~~2022 periods~~ reflected lower underwriting returns, due in part to a higher level of catastrophic loss activity. ~~results~~.

Total Return on Investments

Total return on investments includes investment income, equity in net income or loss of investment funds accounted for using the equity method, net realized gains and losses (excluding changes in the allowance for credit losses on non-investment related financial assets) and the change in unrealized gains and losses generated by Arch's investment portfolio. Total return is calculated on a pre-tax basis and before investment expenses and reflects the effect of financial market conditions along with foreign currency fluctuations. In addition, total return incorporates the timing of investment returns during the periods. The following table summarizes our total return compared to the benchmark return against which we measured our portfolio during the periods. See ["Comment on Non-GAAP Financial Measures."](#)

	Arch Portfolio	Benchmark Return
Pre-tax total return (before investment expenses):		
2023 Third Quarter	(0.40)%	(0.36)%
2022 Third Quarter	(3.01)%	(4.01)%
Nine Months Ended September 30, 2023	2.68 %	2.97 %
Nine Months Ended September 30, 2022	(8.83)%	(12.78)%

	Arch Portfolio	Benchmark Return
Pre-tax total return (before investment expenses):		
2024 First Quarter	0.80 %	0.83 %
2023 First Quarter	2.54 %	2.64 %

Total return for the 2023 third 2024 first quarter was negative as our primarily reflected net investment income on fixed income portfolio was impacted securities, partially offset by the unrealized losses resulting from an increase in interest rates. rates in the period. We continue to maintain a relatively short duration on our portfolio of 2.97 2.70 years at September 30, 2023 March 31, 2024.

The benchmark return index is a customized combination of indices intended to approximate a target portfolio by asset mix and average credit quality while also matching the approximate estimated duration and currency mix of our insurance and reinsurance liabilities. Although the estimated duration and average credit quality of this index will move as the duration and rating of its constituent securities change, generally we do not adjust the composition of the benchmark return index except to incorporate changes to the mix of liability currencies and durations noted above. The

The benchmark return index included weightings to the following indices:

	%
ICE BofA 1-10 Year U.S. Corporate Index	28.50 27.00
Yield on 3-5 Year U.S. Treasury Index plus 6%	16.50 17.00
ICE BofA 1-10 Year U.S. Treasury Index	15.75 15.00
JPM CLOIE Investment Grade	6.00
ICE BofA U.S. High Yield Constrained Index	8.00 6.00
ICE BofA 1-5 Year U.K. Gilt Index	5.50
JPM CLOIE Investment Grade	4.50
ICE BofA German Government 1-10 Year Index	4.00
S&P 500 Total Return Index	4.00 4.75
ICE BofA U.S. ABS & CMBS Index	4.50
ICE BofA German Government 1-5 Year Index	3.40
ICE BofA German Government 5-7 Year Index	0.60
ICE BofA 0-3 Month U.S. Treasury Index	3.00

benchmark return index should not be interpreted as expressing a preference for or aversion to any particular sector or sector weight. The index is intended solely to provide a relatively stable basket of investable indices, unlike many master indices that change based on the size of their constituent indices, a relatively stable basket of investable indices. At September 30, 2023 March 31, 2024, the benchmark return index had an average credit quality of "A1" by Moody's Investors Service ("Moody's"), and an estimated duration of 2.72 2.51 years.

ICE BofA U.S. ABS & CMBS Index	3.00
ICE BofA 1-5 Year Canada Government Index	2.50 2.70
ICE BofA 15+ Year Canada Government Index	0.30
ICE BofA 1-5 Year Australia Government Index	2.50
ICE BofA U.S. Mortgage Backed Securities Index	1.50
ICE BofA 15+ Year Canada Government Index	0.50
ICE BofA 1-5 Year Japan Government Index	0.25
Total	100.00 %

COMMENT ON NON-GAAP FINANCIAL MEASURES

Throughout this filing, we present our operations in the way that we believe will be the most meaningful and useful to investors, analysts, rating agencies and others who use our financial information in evaluating the performance of our company. This presentation includes the use of after-tax operating income available to Arch common shareholders, which is defined as net income available to Arch common shareholders, excluding net realized gains or losses (which includes changes in the allowance for credit losses on financial assets and net impairment losses recognized in earnings), equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other, income taxes, and the use of annualized operating return on average common equity. The presentation of after-tax operating income available to Arch common shareholders and annualized operating return on average common equity are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to net income available to Arch common shareholders and annualized net income return on average common equity (the most directly comparable

GAAP financial measures) in accordance with Regulation G is included under "Results of Operations" below.

We believe that net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other in any particular period are not indicative of the performance of, or trends in, our business. Although net realized gains or losses, equity in net income or

loss of investment funds accounted for using the equity method and net foreign exchange gains or losses are an integral part of our operations, the decision to realize these items, are independent of the insurance underwriting process and result, in large part, from general economic and financial market conditions. Furthermore, certain users of our financial information believe that, for many companies, the timing of the realization of investment gains or losses is largely opportunistic. In addition, changes in the allowance for credit losses and net impairment losses recognized in earnings on our investments represent other-than-temporary declines in expected recovery values on securities without actual realization.

The use of the equity method on certain of our investments is driven by the ownership structure of such funds (either limited partnerships or limited liability companies). In applying the equity method, these investments are initially recorded at cost and are subsequently adjusted based on our proportionate share of the net income or loss of the funds (which include changes in the market value of the underlying securities in the funds). This method of accounting is different from the way that we account for our other investments and the timing of the recognition of equity in net income or loss of investment funds accounted for using the equity method may differ from gains or losses in the future upon sale or maturity of such investments.

Transaction costs and other include advisory, financing, legal, severance, incentive compensation and other transaction costs related to acquisitions. We believe that transaction costs and other, due to their non-recurring nature, are not indicative of the performance of, or trends in, our business performance.

Due to these reasons, we exclude net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other from the calculation of after-tax operating income available to Arch common shareholders.

We believe that showing net income available to Arch common shareholders exclusive of the items referred to above reflects the underlying fundamentals of our business since we evaluate the performance of and manage our business to produce an underwriting profit. In addition to presenting the net income available to Arch common shareholders, we believe that this presentation enables

Our segment information includes the presentation of consolidated underwriting income or loss. Such measures represent the pre-tax profitability of our underwriting operations and include net premiums earned plus other underwriting income, less losses and loss adjustment expenses, acquisition expenses and other operating expenses. Other operating expenses include those operating expenses that are incremental and/or directly attributable to our individual underwriting operations. Underwriting income or loss does not incorporate items included in our corporate segment. While these measures are presented in [note 4, "Segment Information,"](#) of the notes accompanying our consolidated financial statements, they are considered non-GAAP financial measures when presented elsewhere on a consolidated basis. The reconciliations of underwriting income or loss to income before income taxes (the most directly comparable GAAP financial measure) on a consolidated basis, in accordance with Regulation G, is shown in [note 4, "Segment Information"](#) of the notes accompanying our consolidated financial statements.

We measure segment performance for our three underwriting segments based on underwriting income or loss. We do not manage our assets by underwriting segment, with the exception of goodwill and intangibles and, accordingly, investment income and other non-underwriting related items are not allocated to each underwriting segment.

Our presentation of segment information includes the use of a current year loss ratio which excludes favorable or adverse development in prior year loss reserves. This ratio is a non-GAAP financial measure as defined in Regulation G. The reconciliation of such measure to the loss ratio (the most directly comparable GAAP financial measure) in accordance with Regulation G is shown on the individual segment pages. Management utilizes the current year loss ratio in its analysis of the underwriting performance of each of our underwriting segments.

Total return on investments includes investment income, equity in net income or loss of investment funds accounted for using the equity method, net realized gains and losses (excluding changes in the allowance for credit losses on non-investment

investors and other users of our financial information to analyze our performance in a manner similar to how management analyzes performance. We also believe that this measure follows industry practice and, therefore, allows the users of financial information to compare our performance with our industry peer group. We believe that the equity analysts and certain rating agencies which follow us and the insurance industry as a whole generally exclude these items from their analyses for the same reasons.

losses (excluding changes in the allowance for credit losses on non-investment related financial assets) and the change in unrealized gains and losses generated by Arch's investment portfolio. Total return is calculated on a pre-tax basis and before investment expenses, and reflects the effect of

financial market conditions along with foreign currency fluctuations. In addition, total return incorporates the timing of investment returns during the periods. There is no directly comparable GAAP financial measure for total return. Management uses total return on investments as a key measure of the return generated to Arch common shareholders, and compares the return generated by our investment portfolio against benchmark returns during the periods.

RESULTS OF OPERATIONS

The following table summarizes our consolidated financial data, including a reconciliation of net income or loss available to Arch common shareholders to after-tax operating income or loss available to Arch common shareholders. See ["Comment on Non-GAAP Financial Measures."](#)

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
Three Months Ended					
Three Months Ended					
Three Months Ended					
March 31,					
March 31,					
March 31,					
2024					
2024					
2024					
Net income available to Arch common shareholders	Net income available to Arch common shareholders	\$ 713	\$ 7	\$ 2,079	\$ 587
Net income available to Arch common shareholders					
Net income available to Arch common shareholders					

Common shareholders						
Net realized (gains) losses (1)						
Net realized (gains) losses (1)						
Net realized (gains) losses (1)	Net realized (gains) losses (1)	248	184	354	743	
Equity in net (income) loss of investment funds accounted for using the equity method	Equity in net (income) loss of investment funds accounted for using the equity method	(59)	19	(176)	(75)	
Equity in net (income) loss of investment funds accounted for using the equity method						
Equity in net (income) loss of investment funds accounted for using the equity method						
Net foreign exchange (gains) losses	Net foreign exchange (gains) losses	(22)	(91)	2	(183)	
Net foreign exchange (gains) losses						
Net foreign exchange (gains) losses						
Transaction costs and other						
Transaction costs and other						
Transaction costs and other	Transaction costs and other	1	—	2	—	
Income tax expense (benefit) (2)	Income tax expense (benefit) (2)	(5)	(13)	(5)	(38)	
Income tax expense (benefit) (2)						
Income tax expense (benefit) (2)						
After-tax operating income available to Arch common shareholders						
After-tax operating income available to Arch common shareholders						
After-tax operating income available to Arch common shareholders	After-tax operating income available to Arch common shareholders	\$ 876	\$ 106	\$ 2,256	\$ 1,034	
Beginning common shareholders' equity	Beginning common shareholders' equity	\$ 13,811	\$ 11,588	\$ 12,080	\$ 12,716	
Beginning common shareholders' equity						
Beginning common shareholders' equity						
Ending common	Ending common					

shareholders'	shareholders'					
equity	equity	14,409	10,966	\$	14,409	\$ 10,966
Ending common shareholders'						
equity						
Ending common shareholders'						
equity						
Average common shareholders'						
equity						
Average common shareholders'						
equity						
Average	Average					
common	common					
shareholders'	shareholders'					
equity	equity	\$ 14,110	\$ 11,277	\$ 13,245	\$ 11,841	
Annualized net	Annualized net					
income return	income return					
on average	on average					
common equity	common equity					
%	%	20.2	0.2	20.9	6.6	
Annualized net income return on						
average common equity %						
Annualized net income return on						
average common equity %						
Annualized	Annualized					
operating return	operating return					
on average	on average					
common equity	common equity					
%	%	24.8	3.8	22.7	11.6	
Annualized operating return on						
average common equity %						
Annualized operating return on						
average common equity %						

- (1) Net realized gains or losses include realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments and changes in the allowance for credit losses on financial assets.
- (2) Income tax expense on net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other reflects the relative mix reported by jurisdiction and the varying tax rates in each jurisdiction.

Segment Information

We classify our businesses into three underwriting segments: insurance, reinsurance and mortgage. Our insurance, reinsurance and mortgage segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to our chief operating decision makers. The Chief Executive Officer, the Chief Financial Officer and Treasurer, and the President and Chief Underwriting Officer are the Company's chief operating decision makers. They do not assess performance, measure return on equity or make resource allocation decisions on a line of business basis. Management measures segment performance for our three underwriting segments based on underwriting income or loss. We do not manage our assets by underwriting segment, with the exception of goodwill and intangible assets, and accordingly, investment income is not allocated to each underwriting segment.

We determined our reportable segments using the management approach described in accounting guidance regarding disclosures about segments of an enterprise and related information. The accounting policies of the segments are the same as those used for the preparation of our consolidated financial statements. Intersegment business is allocated to the segment accountable for the underwriting results.

Insurance Segment

The following tables set forth our insurance segment's underwriting results:

	Three Months Ended September 30,		
	2023	2022	% Change
Gross premiums written	\$ 2,043	\$ 1,862	9.7
Premiums ceded	(521)	(493)	
Net premiums written	1,522	1,369	11.2
Change in unearned premiums	(110)	(182)	
Net premiums earned	1,412	1,187	19.0
Losses and loss adjustment expenses	(812)	(823)	
Acquisition expenses	(269)	(233)	
Other operating expenses	(202)	(165)	
Underwriting income (loss)	\$ 129	\$ (34)	479.4
Underwriting Ratios			% Point Change
Loss ratio	57.5 %	69.3 %	(11.8)
Acquisition expense ratio	19.1 %	19.6 %	(0.5)
Other operating expense ratio	14.3 %	13.9 %	0.4
Combined ratio	90.9 %	102.8 %	(11.9)

		Nine Months Ended September 30,			Three Months Ended March 31,		
		2023	2022	% Change	2024	2023	% Change
Gross premiums written	Gross premiums written	\$5,977	\$5,287	13.1			
Premiums ceded	Premiums ceded	(1,564)	(1,483)				
Net premiums written	Net premiums written	4,413	3,804	16.0			
Change in unearned premiums	Change in unearned premiums	(416)	(488)				
Net premiums earned	Net premiums earned						
Net premiums earned	Net premiums earned	3,997	3,316	20.5			
Losses and loss adjustment expenses	Losses and loss adjustment expenses	(2,276)	(2,054)				
Losses and loss adjustment expenses	Losses and loss adjustment expenses						
Losses and loss adjustment expenses	Losses and loss adjustment expenses						

Acquisition expenses				
Acquisition expenses				
Acquisition expenses	Acquisition expenses	(778)	(643)	
Other operating expenses				
Other operating expenses	Other operating expenses	(592)	(493)	
Other operating expenses				
Other operating expenses				
Underwriting income (loss)				
Underwriting income (loss)				
Underwriting income (loss)	Underwriting income (loss)	\$ 351	\$ 126	178.6
Underwriting Ratios				
Underwriting Ratios				
Underwriting Ratios	Underwriting Ratios			% Point Change
Loss ratio	Loss ratio	57.0 %	61.9 %	(4.9)
Acquisition expense ratio	Acquisition expense ratio	19.5 %	19.4 %	0.1
Other operating expense ratio	Other operating expense ratio	14.8 %	14.9 %	(0.1)
Combined ratio	Combined ratio	91.3 %	96.2 %	(4.9)

The insurance segment consists of our insurance underwriting units which offer specialty product lines on a worldwide basis. Product lines include:

Construction and national accounts: primary and excess casualty coverages for middle market and large construction accounts, a comprehensive range of products for middle market accounts in specialty industries and casualty solutions for large national accounts, including loss sensitive primary insurance programs (large deductible, self-insured retention and retrospectively rated programs).

Excess and surplus casualty: primary and excess casualty insurance coverages written primarily on a non-admitted basis.

Professional lines: directors' and officers' liability, errors and omissions liability, employment practices liability, fiduciary liability, crime, professional indemnity and other financial related coverages for corporate, private equity, venture capital, real estate investment trust, limited partnership, financial institution and not-for-profit clients of all sizes, cyber insurance, and medical professional and general liability insurance coverages for the healthcare industry. The business is predominately written on a claims-made basis.

Programs: primarily targeting program managers with unique expertise and niche products offering some combination of general liability, commercial automobile, property, inland marine, umbrella and workers' compensation.

Property, energy, marine and aviation: primary and excess general property insurance coverages, including catastrophe-exposed property coverage, for commercial clients. Coverages for marine include hull, cargo, war, specie and liability. Aviation, stand-alone terrorism and political risks are also offered. Coverage may be provided for operational and construction risk.

Travel, accident and health: specialty travel and accident and related insurance products for individual, group travelers, travel agents and suppliers, as well as accident and health, which provides accident, disability and medical plan insurance coverages for employer groups, medical plan members, students and other participant groups.

Warranty and lenders solutions: collateral protection, debt cancellation and service contract reimbursement products to banks, credit unions, automotive dealerships and original equipment manufacturers and other specialty programs that pertain to automotive lending and leasing.

Other: includes alternative market risks (including captive insurance programs), excess workers' compensation and employer's liability insurance coverages for qualified self-insured groups, associations and trusts, and contract, commercial and transactional surety coverages.

Premiums Written.

The following tables set forth our insurance segment's net premiums written by major line of business:

		Three Months Ended September 30,			
		2023		2022	
		Amount	%	Amount	%
Professional lines	Professional lines	\$ 375	24.6	\$ 412	30.1
Professional lines					
Professional lines					
Property, energy, marine and aviation					
Property, energy, marine and aviation					
Property, energy, marine and aviation	Property, energy, marine and aviation	342	22.5	241	17.6
Programs	Programs	202	13.3	189	13.8
Excess and surplus casualty		130	8.5	111	8.1
Programs					
Programs					
Construction and national accounts					
Construction and national accounts					
Construction and national accounts	Construction and national accounts	129	8.5	98	7.2
Travel, accident and health	Travel, accident and health	126	8.3	107	7.8
Travel, accident and health					
Travel, accident and health					
Excess and surplus casualty					
Excess and surplus casualty					
Excess and surplus casualty					
Warranty and lenders solutions					
Warranty and lenders solutions					
Warranty and lenders solutions	Warranty and lenders solutions	51	3.4	42	3.1
Other	Other	167	11.0	169	12.3
Other					
Other					
Total	Total	\$ 1,522	100.0	\$ 1,369	100.0
Total					
Total					

2023 Third 2024 First Quarter versus 2022 2023 Period. Gross premiums written by the insurance segment in the 2023 third 2024 first quarter were 9.7% 7.4% higher than in the 2022 third 2023 first quarter, while net premiums written were 11.2% 7.3% higher. Growth in net premiums written reflected increases in most lines of business due in part to new business opportunities, increases in existing accounts and rate changes. In addition, the insurance segment retained a higher portion of business written in the 2023 third 2024 first quarter than in the 2022 third 2023 first quarter.

	Nine Months Ended September 30,			
	2023		2022	
	Amount	%	Amount	%
Professional lines	\$ 1,045	23.7	\$ 1,109	29.2
Property, energy, marine and aviation	937	21.2	688	18.1
Programs	553	12.5	481	12.6
Excess and surplus casualty	396	9.0	332	8.7
Construction and national accounts	446	10.1	335	8.8
Travel, accident and health	432	9.8	378	9.9
Warranty and lenders solutions	182	4.1	103	2.7
Other	422	9.6	378	9.9
Total	\$ 4,413	100.0	\$ 3,804	100.0

Nine Months Ended September 30, 2023 versus 2022 period. Gross premiums written by the insurance segment for the nine months ended September 30, 2023 were 13.1% higher than in the 2022 period, while net premiums written were 16.0% higher than in the 2022 period. The increase in net premiums written reflected growth in most lines of business, primarily due to rate increases, new business opportunities and growth in existing accounts. In addition, the insurance segment retained more business in the 2023 period than in the 2022 period.

Net Premiums Earned.

The following tables set forth our insurance segment's net premiums earned by major line of business:

	Three Months Ended September 30,			
	2023		2022	
	Amount	%	Amount	%
Professional lines	\$ 363	25.7	\$ 342	28.8
Property, energy, marine and aviation	288	20.4	202	17.0
Programs	167	11.8	150	12.6
Excess and surplus casualty	126	8.9	100	8.4
Construction and national accounts	147	10.4	110	9.3
Travel, accident and health	148	10.5	133	11.2
Warranty and lenders solutions	43	3.0	33	2.8
Other	130	9.2	117	9.9
Total	\$ 1,412	100.0	\$ 1,187	100.0

Nine Months Ended September 30,					
		2023		2022	
		Amount	%	Amount	%
Professional lines	Professional lines	\$ 1,067	26.7	\$ 946	28.5
Professional lines	Professional lines				
Property, energy, marine and aviation	Property, energy, marine and aviation				
Property, energy, marine and aviation	Property, energy, marine and aviation				
Property, energy, marine and aviation	Property, energy, marine and aviation	752	18.8	557	16.8
Programs	Programs	473	11.8	439	13.2
Excess and surplus casualty	Excess and surplus casualty	353	8.8	289	8.7
Programs	Programs				

Programs					
Construction and national accounts					
Construction and national accounts					
Construction and national accounts	Construction and national accounts	406	10.2	306	9.2
Travel, accident and health	Travel, accident and health	423	10.6	368	11.1
Travel, accident and health					
Travel, accident and health					
Excess and surplus casualty					
Excess and surplus casualty					
Excess and surplus casualty					
Warranty and lenders solutions					
Warranty and lenders solutions					
Warranty and lenders solutions	Warranty and lenders solutions	142	3.6	92	2.8
Other	Other	381	9.5	319	9.6
Other					
Other					
Total	Total	\$ 3,997	100.0	\$ 3,316	100.0
Total					
Total					

Net premiums written are primarily earned on a pro rata basis over the terms of the policies for all products, usually 12 months. Net premiums earned reflect changes in net premiums written over the previous five quarters. For the 2023 third 2024 first quarter, net premiums earned were 19.0% 15.4% higher than in the 2022 third 2023 first quarter. Net premiums earned for the nine months ended September 30, 2023 were 20.5% higher than in the 2022 period.

Losses and Loss Adjustment Expenses.

The table below shows the components of the insurance segment's loss ratio:

		Three Months Ended				Three Months Ended				Three Months Ended			
		March 31,				March 31,				March 31,			
		September 30,				September 30,				September 30,			
		2023		2022		2023		2022		2023		2022	
Current year	Current year	58.2	%	69.8	%	57.8	%	62.5	%				
Current year													
Current year													
Prior period reserve													
development													
Prior period reserve													
development													
Prior period reserve	Prior period reserve												
development	development	(0.7)	%	(0.5)	%	(0.8)	%	(0.6)	%				
Loss ratio	Loss ratio	57.5	%	69.3	%	57.0	%	61.9	%				
Loss ratio													
Loss ratio													

Current Year Loss Ratio.

2023 Third 2024 First Quarter versus 2022 2023 Period. The insurance segment's current year loss ratio in the 2023 third 2024 first quarter was 11.6 2.8 points lower higher than in the 2022 third 2023 first quarter. The 2023 third 2024 first quarter loss ratio reflected 2.6 2.1 points of activity related to the Baltimore bridge collapse along with 1.9 points of current year catastrophic activity, spread across a series of global events, compared to 13.4 1.4 points of catastrophic activity for the 2022 third quarter, primarily related to Hurricane Ian. The balance of the change in the current year loss ratio resulted, in part, from changes in mix of business.

Nine Months Ended September 30, 2023 versus 2022 Period. The insurance segment's current year loss ratio for the nine months ended September 30, 2023 was 4.7 points lower than in the 2022 period and reflected 2.3 points of current year catastrophic activity, spread across series of global events, compared to 6.1 points in the 2022 period, 2023 first quarter. The balance of the change in the current year loss ratio resulted, in part, from changes in mix of business.

Prior Period Reserve Development.

The insurance segment's net favorable development was \$10 million, or 0.7 points, for the 2023 third 2024 first quarter, compared to \$5 million \$12 million, or 0.5 0.9 points, for the 2022 third quarter, and \$34 million, or 0.8 points, for the nine months ended September 30, 2023, compared to \$19 million, or 0.6 points, for the 2022 period, 2023 first quarter. See [note 5, "Reserve for Losses and Loss Adjustment Expenses."](#) to our consolidated financial statements for information about the insurance segment's prior year reserve development.

Underwriting Expenses.

2023 Third 2024 First Quarter versus 2022 2023 Period. The insurance segment's underwriting expense ratio was 33.4% 35.2% in the 2024 first quarter, compared to 35.0% in the 2023 third quarter, compared to 33.5% in the 2022 third first quarter.

Nine Months Ended September 30, 2023 versus 2022 period. The insurance segment's underwriting expense ratio was 34.3% for the nine months ended September 30, 2023, consistent with 34.3% for the 2022 period.

Reinsurance Segment

The following tables set forth our reinsurance segment's underwriting results:

	Three Months Ended September 30,		
			%
	2023	2022	Change
Gross premiums written	\$ 2,138	\$ 1,639	30.4
Premiums ceded	(576)	(560)	

Net premiums written	1,562	1,079	44.8
Change in unearned premiums	(19)	(77)	
Net premiums earned	1,543	1,002	54.0
Other underwriting income (loss)	2	—	
Losses and loss adjustment expenses	(870)	(928)	
Acquisition expenses	(304)	(208)	
Other operating expenses	(61)	(63)	
Underwriting income (loss)	\$ 310	\$ (197)	257.4
			% Point Change
Underwriting Ratios			
Loss ratio	56.4 %	92.6 %	(36.2)
Acquisition expense ratio	19.7 %	20.8 %	(1.1)
Other operating expense ratio	3.9 %	6.3 %	(2.4)
Combined ratio	80.0 %	119.7 %	(39.7)

		Nine Months Ended September 30,			Three Months Ended March 31,		
		2023	2022	% Change	2024	2023	% Change
Gross premiums written	Gross premiums written	\$ 7,142	\$ 5,151	38.7			
Premiums ceded	Premiums ceded	(2,145)	(1,770)				
Net premiums written	Net premiums written	4,997	3,381	47.8			
Net premiums written							
Net premiums written							
Change in unearned premiums	Change in unearned premiums	(781)	(647)				
Net premiums earned	Net premiums earned	4,216	2,734	54.2			
Other underwriting income		9	6				
Net premiums earned							
Net premiums earned							
Other underwriting income (loss)	Other underwriting income (loss)				2	4	
Losses and loss adjustment expenses	Losses and loss adjustment expenses	(2,379)	(1,920)		(883)	(766)	(766)
Acquisition expenses	Acquisition expenses	(875)	(569)		(331)	(281)	(281)
Other operating expenses	Other operating expenses	(203)	(199)		(75)	(74)	(74)
Underwriting income (loss)	Underwriting income (loss)	\$ 768	\$ 52	1,376.9			
Underwriting Ratios	Underwriting Ratios			% Point Change			
Underwriting Ratios							

Underwriting Ratios					% Point
Underwriting Ratios					Change
Loss ratio	Loss ratio	56.4 %	70.2 %	(13.8)	
Acquisition expense ratio	Acquisition expense ratio	20.7 %	20.8 %	(0.1)	
Other operating expense ratio	Other operating expense ratio	4.8 %	7.3 %	(2.5)	
Combined ratio	Combined ratio	81.9 %	98.3 %	(16.4)	

The reinsurance segment consists of our reinsurance underwriting units which offer specialty product lines on a worldwide basis. Reinsurance agreements are typically offered on a proportional and/or excess of loss basis and provide coverage to ceding company clients for specific underlying written policies. Product lines include:

Casualty: provides coverage on third party liability exposures including, among others, executive assurance, professional liability, excess and umbrella liability, excess motor and healthcare business, and workers' compensation. Business is assumed primarily on a treaty basis, with some facultative coverages also offered.

Marine and aviation: provides coverage for energy, hull, cargo, specie, liability and transit, and aviation business, including airline and general aviation risks. Business written may also include space business, which includes coverages for satellite assembly, launch and operation for commercial space programs.

Other specialty: provides coverage for proportional motor reinsurance, whole account multi-line treaties, cyber, trade credit and surety, accident and health, workers' compensation catastrophe, agriculture and political risk, among others.

Property catastrophe: provides protection for most types of catastrophic losses, including hurricane, earthquake, flood, tornado, hail and fire, and for other perils on a case-by-case basis. Excess of loss coverages are triggered when aggregate losses and loss adjustment expense from a single occurrence

or aggregation of losses from a covered peril exceed the retention specified in the contract.

Property excluding property catastrophe: provides coverage for personal lines and/or commercial property exposures and principally covers buildings, structures, equipment and contents. The primary perils in this business include fire, explosion, collapse, riot, vandalism, wind, tornado, flood and earthquake. Business is assumed on either a treaty basis or facultative basis.

Other: primarily includes life reinsurance business, casualty clash business and, in limited instances, non-traditional business which is intended to provide insurers with risk management solutions that complement traditional reinsurance business.

Premiums Written.

The following tables set forth our reinsurance segment's net premiums written by major line of business:

		Three Months Ended September 30,			
		2023		2022	
		Amount	%	Amount	%
Other specialty					
Other specialty					
Other specialty					
Property excluding property catastrophe	Property excluding property catastrophe	\$ 593	38.0	\$ 342	31.7
Other specialty		527	33.7	381	35.3
Property excluding property catastrophe					
Property excluding property catastrophe					
Property catastrophe					
Property catastrophe					
Property catastrophe					
Casualty	Casualty	273	17.5	230	21.3
Property catastrophe		76	4.9	78	7.2
Casualty					
Casualty					
Marine and aviation					
Marine and aviation					
Marine and aviation	Marine and aviation	54	3.5	29	2.7
Other	Other	39	2.5	19	1.8
Other					
Other					
Total					
Total					
Total	Total	\$ 1,562	100.0	\$ 1,079	100.0

2023 Third 2024 First Quarter versus 2022 2023 Period. Gross premiums written by the reinsurance segment in the 2023 third 2024 first quarter were 30.4% 40.9% higher than in the 2022 third 2023 first quarter, while net premiums written were 44.8% 31.3% higher. Growth The growth in net premiums written primarily reflected increases in property excluding property catastrophe and other specialty all lines of business due in part to rate increases, new business opportunities and growth in existing accounts. In addition, the reinsurance

segment retained a higher portion of business written in the 2023 third quarter than in the 2022 third quarter.

	Nine Months Ended September 30,			
	2023		2022	
	Amount	%	Amount	%
Property excluding property catastrophe	\$ 1,496	29.9	\$ 936	27.7
Other specialty	1,625	32.5	1,180	34.9
Casualty	787	15.7	709	21.0
Property catastrophe	802	16.0	361	10.7
Marine and aviation	208	4.2	116	3.4
Other	79	1.6	79	2.3
Total	\$ 4,997	100.0	\$ 3,381	100.0

Nine Months Ended September 30, 2023 versus 2022 period. Gross premiums written by the reinsurance segment for the nine months ended September 30, 2023 were 38.7% higher than in the 2022 period, while net premiums written were 47.8% higher than in the 2022 period. The increase in net premiums written reflected growth in most lines of business, primarily due to new business, rate increases and growth in existing accounts. In addition, the reinsurance segment retained a higher portion of business written in the 2023 period than in the 2022 period.

Net Premiums Earned.

The following tables set forth our reinsurance segment's net premiums earned by major line of business:

		Three Months Ended September 30,			
		2023		2022	
		Amount	%	Amount	%
Other specialty					
Other specialty					
Other specialty					
Property excluding property catastrophe	Property excluding property catastrophe	\$ 449	29.1	\$ 282	28.1
Other specialty		505	32.7	330	32.9
Property excluding property catastrophe					
Property excluding property catastrophe					
Property catastrophe					
Property catastrophe					
Property catastrophe					
Casualty	Casualty	264	17.1	222	22.2
Property catastrophe		219	14.2	118	11.8
Casualty					
Casualty					
Marine and aviation					
Marine and aviation					
Marine and aviation	Marine and aviation	66	4.3	25	2.5
Other	Other	40	2.6	25	2.5
Other					
Other					
Total					

Total					
Total	Total	\$	1,543	100.0	\$ 1,002 100.0

	Nine Months Ended September 30,			
	2023		2022	
	Amount	%	Amount	%
Property excluding property catastrophe	\$ 1,161	27.5	\$ 780	28.5
Other specialty	1,499	35.6	846	30.9
Casualty	775	18.4	635	23.2
Property catastrophe	527	12.5	290	10.6
Marine and aviation	173	4.1	109	4.0
Other	81	1.9	74	2.7
Total	\$ 4,216	100.0	\$ 2,734	100.0

Net premiums written, irrespective of the class of business, are generally earned on a pro rata basis over the terms of the underlying policies or reinsurance contracts. Net premiums earned by the reinsurance segment in the 2023 third 2024 first quarter were 54.0%25.3% higher than in the 2022 third 2023 first quarter, and reflect changes in net premiums written over the previous five quarters. Net premiums earned for the nine months ended September 30, 2023 were 54.2% higher than in the 2022 period.

Other Underwriting Income (Loss).

Other underwriting income for the 2023 third 2024 first quarter was \$2 million, compared to nil \$4 million for the 2022 third quarter, and \$9 million for the nine months ended September 30, 2023, compared to \$6 million for the 2022 period. 2023 first quarter.

Losses and Loss Adjustment Expenses.

The table below shows the components of the reinsurance segment's loss ratio:

	Three Months Ended				Three Months Ended				Three Months Ended				Nine Months Ended			
	Three Months Ended				Three Months Ended				Three Months Ended				September 30,			
	September 30,				September 30,				September 30,				September 30,			
	2023		2022		2023		2022		2023		2022		2023		2022	
Current year	Current year	59.2	%	97.5	%	59.4	%	74.9	%							
Current year																
Current year																
Prior period reserve																
development																
Prior period reserve																
development																
Prior period reserve	Prior period															
reserve	reserve															
development	development	(2.8)	%	(4.9)	%	(3.0)	%	(4.7)	%							
Loss ratio	Loss ratio	56.4	%	92.6	%	56.4	%	70.2	%							
Loss ratio																
Loss ratio																

Current Year Loss Ratio.

2023 Third 2024 First Quarter versus 2022 2023 Period. The reinsurance segment's current year loss ratio in the 2023 third 2024 first quarter was 38.36.2 points lower than in the 2022 third 2023 first quarter. The 2023 third 2024 first quarter loss ratio reflected 9.73.0 points of activity related to the Baltimore bridge collapse and 1.9 points of current year catastrophic activity spread across a series of global events. The 2022 third 2023 first quarter included 42.85.4 points of current year catastrophic activity, primarily related to Hurricane Ian and other global events.activity. The improvement balance of the change in the current year loss ratio reflected resulted, in part, from the impact of rate increases and changes in the mix of business, while the 2022 period reflected a higher level of catastrophic activity.business.

Nine Months Ended September 30, 2023 versus 2022 Period. The reinsurance segment's current year loss ratio for the nine months ended September 30, 2023 was 15.5 points lower than in the 2022 period and reflected 7.4 points of current year catastrophic activity, compared to 20.1 points in the

2022 period. The improvement in the current year loss ratio reflected the impact of rate increases and changes in mix of business, while the 2022 period reflected a higher level of catastrophic activity.

Prior Period Reserve Development.

The reinsurance segment's net favorable development was \$44 million \$40 million, or 2.8 2.4 points, for the 2024 first quarter, compared to \$53 million, or 4.0 points, for the 2023 third quarter, compared to \$49 million, or 4.9 points, for the 2022 third quarter, and \$126 million, or 3.0 points, for the nine months ended September 30, 2023, compared to \$127 million, or 4.7 points, for the 2022 period. first quarter. See [note 5, "Reserve for Losses and Loss Adjustment Expenses."](#) to our consolidated financial statements for information about the reinsurance segment's prior year reserve development.

Underwriting Expenses.

2023 Third 2024 First Quarter versus 2022 2023 Period. The underwriting expense ratio for the reinsurance segment was 23.6% 24.4% in the 2024 first quarter, compared to 26.7% in the 2023 third quarter, compared to 27.1% in the 2022 third first quarter, with the decrease primarily due to growth in net premiums earned. The 2022 third quarter ratio also reflected a lower level of reflecting higher contingent commissions on ceded business primarily due to Hurricane Ian.

Nine Months Ended September 30, 2023 versus 2022 period. The underwriting expense ratio for in the reinsurance segment was 25.5% for the nine months ended September 30, 2023, compared to 28.1% for the 2022 period, with the decrease primarily due to 2024 first quarter and growth in net premiums earned. The 2022 period ratio also reflected a lower level of contingent commissions on ceded business, primarily due to Hurricane Ian.

Mortgage Segment

Our mortgage operations include U.S. and international mortgage insurance and reinsurance operations as well as participation in GSE credit risk-sharing transactions.

The following tables set forth our mortgage segment's underwriting results:

		Three Months Ended September 30,			Three Months Ended March 31,		
		2023	2022	% Change	2024	2023	% Change
Gross premiums written	Gross premiums written	\$ 347	\$ 362	(4.1)			
Premiums ceded	Premiums ceded	(76)	(86)				
Net premiums written	Net premiums written	271	276	(1.8)			
Net premiums written							
Net premiums written							

Change in unearned premiums	Change in unearned premiums	22	6	
Net premiums earned				
Net premiums earned				
Net premiums earned	Net premiums earned	293	282	3.9
Other underwriting income	Other underwriting income	3	3	
Losses and loss adjustment expenses	Losses and loss adjustment expenses	35	68	
Losses and loss adjustment expenses				
Losses and loss adjustment expenses				
Acquisition expenses				
Acquisition expenses				
Acquisition expenses	Acquisition expenses	(2)	(7)	
Other operating expenses	Other operating expenses	(47)	(47)	
Other operating expenses				
Other operating expenses				
Underwriting income				
Underwriting income				
Underwriting income	Underwriting income	\$ 282	\$ 299	(5.7)
Underwriting Ratios				
Underwriting Ratios				
Underwriting Ratios	Underwriting Ratios	% Point Change		
Loss ratio	Loss ratio	(12.1)%	(24.1)%	12.0
Acquisition expense ratio	Acquisition expense ratio	0.6 %	2.4 %	(1.8)
Other operating expense ratio	Other operating expense ratio	16.2 %	16.5 %	(0.3)
Combined ratio	Combined ratio	4.7 %	(5.2)%	9.9

% Point
Change

	Nine Months Ended September 30,		
	2023	2022	% Change
Gross premiums written	\$ 1,037	\$ 1,099	(5.6)
Premiums ceded	(240)	(241)	
Net premiums written	797	858	(7.1)
Change in unearned premiums	86	10	
Net premiums earned	883	868	1.7
Other underwriting income	12	6	
Losses and loss adjustment expenses	46	187	

Acquisition expenses	(16)	(27)	
Other operating expenses	(147)	(150)	
Underwriting income	\$ 778	\$ 884	(12.0)
Underwriting Ratios			% Point Change
Loss ratio	(5.3)%	(21.6)%	16.3
Acquisition expense ratio	1.8 %	3.2 %	(1.4)
Other operating expense ratio	16.7 %	17.3 %	(0.6)
Combined ratio	13.2 %	(1.1)%	14.3

Premiums Written.

The following tables set forth our mortgage segment's net premiums written by major line of business:

Three Months Ended September 30,					
		2023		2022	
		Amount	%	Amount	%
U.S. primary mortgage insurance	U.S. primary mortgage insurance	\$ 190	70.1	\$ 185	67.0
U.S. primary mortgage insurance	U.S. primary mortgage insurance				
U.S. primary mortgage insurance	U.S. primary mortgage insurance				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other	57	21.0	51	18.5
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance	24	8.9	40	14.5
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance				
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance				
Total	Total	\$ 271	100.0	\$ 276	100.0
Total					
Total					

2023 Third 2024 First Quarter versus 2022 2023 Period. Gross premiums written by the mortgage segment in the 2023 third 2024 first quarter were 4.1% 0.6% lower than in the 2022 third 2023 first quarter, while net premiums written were 1.8% lower. 6.1% higher. The reduction increase in net premiums written and earned in the 2024 first quarter primarily reflected a lower levels level of mortgage originations Bellemeade premiums ceded, due in part to the termination of eight Bellemeade agreements in the Australian market than in the 2022 third quarter, partially offset by growth in credit risk transfer business and higher levels of retained premiums in U.S. primary mortgage insurance business.

	Nine Months Ended September 30,			
	2023		2022	
	Amount	%	Amount	%
U.S. primary mortgage insurance	\$ 562	70.5	\$ 582	67.8

U.S. credit risk transfer (CRT) and other	164	20.6	143	16.7
International mortgage insurance/ reinsurance	71	8.9	133	15.5
Total	\$ 797	100.0	\$ 858	100.0

Nine Months Ended September 30, 2023 versus 2022 Period. Gross premiums written by the mortgage segment for the nine months ended September 30, 2023 were 5.6% lower than in the 2022 period, while net premiums written for the nine months ended September 30, 2023 were 7.1% lower than in the 2022 period. The reduction in net premiums written primarily reflected lower levels of mortgage originations in the Australian market and a decrease in U.S. primary mortgage insurance business, which was partially offset by a higher volume of credit risk transfer transactions. *2023 fourth quarter.*

The persistency rate *which* was 83.6% for the Arch MI U.S. portfolio of mortgage insurance policies at March 31, 2024, compared to 81.7% at March 31, 2023, and reflected a lower level of refinancing activity in the period. The persistency rate represents the percentage of mortgage insurance in force at the beginning of a 12-month period that remains in force at the end of such period, was 83.9% for the Arch MI U.S. portfolio of mortgage insurance policies at September 30, 2023. This compares to 75.4% at September 30, 2022 and reflects a lower level of refinancing activity in the period.

The following tables provide details on the new insurance written ("NIW") generated by Arch MI U.S. NIW represents the original principal balance of all loans that received coverage during the period.

Three Months Ended September 30,					
		2023		2022	
		Amount	%	Amount	%
Three Months Ended March 31,					
Three Months Ended March 31,					
2024					
2024					
		Amount			
		Amount			
		Amount			
Total new insurance written (NIW) (1)					
Total new insurance written (NIW) (1)					
Total new insurance written (NIW) (1)	Total new insurance written (NIW) (1)	\$ 11,494		\$ 17,425	
Credit quality (FICO):	Credit quality (FICO):				
Credit quality (FICO):					
Credit quality (FICO):					
>=740					
>=740					
>=740	>=740	\$ 7,646	66.5	\$ 11,615	66.7
680-739	680-739	3,520	30.6	5,322	30.5
680-739					

680-739						
620-679						
620-679						
620-679	620-679	326	2.8	485	2.8	
<620	<620	2	—	3	—	
<620						
<620						
Total						
Total						
Total	Total	\$ 11,494	100.0	\$ 17,425	100.0	
Loan-to-value (LTV):	Loan-to-value (LTV):					
Loan-to-value (LTV):						
Loan-to-value (LTV):						
95.01% and above						
95.01% and above						
95.01% and above	95.01% and above	\$ 880	7.7	\$ 973	5.6	
90.01% to 95.00%	90.01% to 95.00%					
95.00%	95.00%	6,306	54.9	9,916	56.9	
90.01% to 95.00%						
90.01% to 95.00%						
85.01% to 90.00%						
85.01% to 90.00%						
85.01% to 90.00%	85.01% to 90.00%					
90.00%	90.00%	3,126	27.2	4,839	27.8	
85.00% and below	85.00% and below	1,182	10.3	1,697	9.7	
85.00% and below						
85.00% and below						
Total						
Total						
Total	Total	\$ 11,494	100.0	\$ 17,425	100.0	
Monthly vs. single:	Monthly vs. single:					
Monthly vs. single:						
Monthly vs. single:						
Monthly						
Monthly						
Monthly	Monthly	\$ 10,712	93.2	\$ 16,911	97.1	
Single	Single	782	6.8	514	2.9	
Single						
Single						
Total						
Total						
Total	Total	\$ 11,494	100.0	\$ 17,425	100.0	
Purchase vs. refinance:	Purchase vs. refinance:					
Purchase vs. refinance:						
Purchase vs. refinance:						
Purchase						

Purchase					
Purchase	Purchase	\$	11,334	98.6	\$ 17,159 98.5
Refinance	Refinance		160	1.4	266 1.5
Refinance					
Refinance					
Total	Total	\$	11,494	100.0	\$ 17,425 100.0
Total					
Total					

(1) Represents the original principal balance of all loans that received coverage during the period.

(U.S. Dollars in millions)	Nine Months Ended September 30,			
	2023		2022	
	Amount	%	Amount	%
Total new insurance written (NIW) (1)	\$ 34,180		\$ 60,939	
<u>Credit quality (FICO):</u>				
>=740	\$ 22,469	65.7	\$ 40,888	67.1
680-739	10,842	31.7	18,376	30.2
620-679	863	2.5	1,667	2.7
<620	6	—	8	—
Total	\$ 34,180	100.0	\$ 60,939	100.0
<u>Loan-to-value (LTV):</u>				
95.01% and above	\$ 2,034	6.0	\$ 3,264	5.4
90.01% to 95.00%	19,204	56.2	33,984	55.8
85.01% to 90.00%	9,414	27.5	17,163	28.2
85.01% and below	3,528	10.3	6,528	10.7
Total	\$ 34,180	100.0	\$ 60,939	100.0
<u>Monthly vs. single:</u>				
Monthly	\$ 32,688	95.6	\$ 58,984	96.8
Single	1,492	4.4	1,955	3.2
Total	\$ 34,180	100.0	\$ 60,939	100.0
<u>Purchase vs. refinance:</u>				
Purchase	\$ 33,598	98.3	\$ 59,375	97.4
Refinance	582	1.7	1,564	2.6
Total	\$ 34,180	100.0	\$ 60,939	100.0

(1) Represents the original principal balance of all loans that received coverage during the period.

Net Premiums Earned.

The following tables set forth our mortgage segment's net premiums earned by major line of business:

		Three Months Ended September 30,			
		2023		2022	
		Amount	%	Amount	%
U.S. primary mortgage insurance	U.S. primary mortgage insurance	\$ 192	65.5	\$ 194	68.8
U.S. primary mortgage insurance	U.S. primary mortgage insurance				
U.S. primary mortgage insurance	U.S. primary mortgage insurance				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other				
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance	58	19.8	51	18.1
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance				
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance				
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance				
Total	Total	\$ 293	100.0	\$ 282	100.0
Total	Total				
Total	Total				

2023 Third 2024 First Quarter versus 2022 2023 Period. Net premiums earned for the 2023 third 2024 first quarter were 3.9% 3.0% higher than in the 2022 third 2023 first quarter, primarily due to growth in credit risk transfer and international business, which was partially offset by a small decrease in U.S. primary mortgage insurance in force.

		Nine Months Ended September 30,			
		2023		2022	
		Amount	%	Amount	%
U.S. primary mortgage insurance		\$ 582	65.9	\$ 607	69.9
U.S. credit risk transfer (CRT) and other		165	18.7	143	16.5
International mortgage insurance/reinsurance		136	15.4	118	13.6
Total		\$ 883	100.0	\$ 868	100.0

Nine Months Ended September 30, 2023 versus 2022 Period. For the nine months ended September 30, 2023, net premiums earned were 1.7% higher than termination of eight Bellemeade agreements in the 2022 period, primarily due to growth in credit risk transfer and international business, which was partially offset by a decrease in U.S. primary mortgage insurance in force. 2023 fourth quarter.

Other Underwriting Income (Loss).

Other underwriting income, which is primarily related to GSE credit risk-sharing transactions, and our whole mortgage loan purchase and sell program was \$3 million \$10 million for the 2024 first quarter, compared to \$6 million for the 2023 third quarter, consistent with \$3 million for the 2022 third first quarter.

Losses and Loss Adjustment Expenses.

The table below shows the components of the mortgage segment's loss ratio:

Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
		March 31,		March 31,		March 31,	
		September 30,		September 30,		September 30,	
		2023	2022	2023	2022	2023	2022
Current year	Current year	19.3 %	20.6 %	22.2 %	18.3 %		
Current year							
Current year							
Prior period reserve							
development							
Prior period reserve							
development							
Prior period reserve	Prior period reserve						
development	development	(31.4) %	(44.7) %	(27.5) %	(39.9) %		
Loss ratio	Loss ratio	(12.1) %	(24.1) %	(5.3) %	(21.6) %		
Loss ratio							
Loss ratio							

Current Year Loss Ratio.

2023 Third 2024 First Quarter versus 2022 2023 Period. The mortgage segment's current year loss ratio was 1.3 3.1 points lower in the 2023 third 2024 first quarter than in the 2022 third 2023 first quarter. The lower current year loss ratio for the 2023 third 2024 first quarter excluding net favorable development, was down slightly, reflecting lower reflected a decrease in estimated claim rates, partially offset by slightly higher new delinquencies than in the comparable 2022 third quarter loss ratio.

Nine Months Ended September 30, 2023 versus 2022 Period. The mortgage segment's current year loss ratio was 3.9 points higher for the nine months ended September 30, 2023 than for the 2022 period. The higher current year loss ratio for the 2023 period reflected higher level of new delinquencies than in the 2022 period. delinquencies.

Prior Period Reserve Development.

The mortgage segment's net favorable development was \$92 million \$74 million, or 31.4 24.4 points, for the 2024 first quarter, compared to \$71 million, or 23.9 points, for the 2023 third quarter, compared to \$126 million, or 44.7 points, for the 2022 third quarter, and \$243 million, or 27.5 points, for the nine months ended September 30, 2023, compared to \$346 million, or 39.9 points, for the 2022 period. first quarter. See note 5, "Reserve for Losses and Loss Adjustment Expenses," to our consolidated financial statements for information about the mortgage segment's prior year reserve development.

Underwriting Expenses.

2023 Third 2024 First Quarter versus 2022 2023 Period. The underwriting expense ratio for the mortgage segment was 16.8% 17.5% in the 2024 first quarter, compared to 19.4% in the 2023 third quarter, compared to 18.9% in the 2022 third first quarter. The decrease was primarily due to higher level of ceding and profit commissions on ceded U.S. primary and Australian mortgage insurance business.

Nine Months Ended September 30, 2023 versus 2022 period. The underwriting expense ratio for business in the mortgage segment was 18.5% for the nine months ended September 30, 2023, compared to 20.5% for the 2022 period. The decrease was primarily due to higher level of profit commissions on ceded U.S. primary mortgage insurance business, 2024 first quarter.

Corporate Segment

The corporate segment results include net investment income, net realized gains or losses (which includes realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments and changes in the allowance for credit losses on financial assets), equity in net income or loss of investments accounted for using the equity method, other income or loss, corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income taxes, income from operating affiliates and items related to our non-cumulative preferred shares.

Net Investment Income.

The components of net investment income were derived from the following sources:

		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31,			
		March 31,			
		March 31,			
		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
Fixed maturities	Fixed maturities	\$ 243	\$ 124	\$ 645	\$ 311
Fixed maturities					
Fixed maturities					
Short-term investments					
Short-term investments					
Short-term investments	Short-term investments	19	9	48	16
Equity securities	Equity securities	5	4	15	16
Equity securities					
Equity securities					
Other (1)					
Other (1)					
Other (1)	Other (1)	22	9	60	29
Gross investment income	Gross investment income	289	146	768	372
Gross investment income					
Gross investment income					
Investment expenses (2)					
Investment expenses (2)					
Investment expenses (2)	Investment expenses (2)	(20)	(17)	(58)	(57)
Net investment income	Net investment income	\$ 269	\$ 129	\$ 710	315
Net investment income					
Net investment income					

(1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other items.

(2) Investment expenses were approximately 0.30% 0.28% of average invested assets for the 2023 third 2024 first quarter, compared to 0.29% 0.26% for the 2022 third quarter, and 0.28% for the nine months ended September 30, 2023, compared to 0.30% for the 2022 period, 2023 first quarter.

The higher level of net investment income for the 2023 third 2024 first quarter was primarily related to higher yields available in the financial market. The pre-tax investment income yield, calculated based on amortized cost and on an annualized basis, was 3.68% 4.14% for the 2024 first quarter, compared to 3.03% for the 2023 third quarter, compared to 2.06% for the 2022 third quarter, and 3.41% for the nine months ended September 30, 2023, compared to 1.72% for the 2022 period. first quarter. Net cash flow from operating activities contributed \$4.1 billion for over the nine trailing twelve months ended September 30, 2023, which has helped to grow grew our invested asset base by approximately 20% in the last twelve months and also contributed to the growth in net investment income.

Corporate Expenses.

Corporate expenses were \$20 million \$46 million for the 2024 first quarter, compared to \$29 million for the 2023 third quarter, compared to \$18 million for the 2022 third quarter, and \$69 million for the nine months ended September 30, 2023, compared to \$78 million for the 2022 period. first quarter. Such amounts primarily represent certain holding company costs

necessary to support our worldwide operations and costs associated with operating as a publicly traded company. The increase in corporate expenses was primarily due to higher incentive compensation costs.

Other Income or Losses.

Other income or loss for the 2024 first quarter was \$14 million, compared to \$11 million for the 2023 third quarter was a loss of \$4 million, compared to a loss of \$14 million for the 2022 third quarter, and income of \$10 million for the nine months ended September 30, 2023, compared to a loss of \$35 million for the 2022 period, first quarter. Amounts in both periods primarily reflect changes in the cash surrender value of our investment in corporate-owned life insurance.

Amortization of Intangible Assets.

Amortization of intangible assets for the 2023 third 2024 first quarter was \$24 million \$21 million, compared to \$26 million \$23 million for the 2022 third quarter, and \$71 million for the nine months ended September 30, 2023, compared to \$80 million for the 2022 period, 2023 first quarter. Amounts in both periods primarily attributed to amortization of finite-lived intangible assets.

Interest Expense.

Interest expense was \$34 million for the 2023 third 2024 first quarter, compared to \$33 million \$32 million for the 2022 third quarter, and \$99 million for the nine months ended September 30, 2023, consistent with \$99 million for the 2022 period, 2023 first quarter. Interest expense primarily reflects amounts related to our outstanding senior notes.

Net Realized Gains or Losses.

Net realized losses gains for the 2024 first quarter were \$67 million, compared to gains of \$17 million for the 2023 third quarter were \$248 million, compared to net realized losses of \$184 million for the 2022 third first quarter. Net realized losses were \$354 million for the nine months ended September 30, 2023, compared to net realized losses of \$743 million for the 2022 period. Amounts in both periods reflected sales of investments as well as the impact of financial market movements on the Company's equity securities and investments accounted for under the fair value option method. Currently, our portfolio is actively managed to maximize total return within certain guidelines. The effect of financial market movements on the investment portfolio will directly impact net realized gains and losses as the portfolio is adjusted and rebalanced. Net realized gains or losses from the sale of fixed maturities primarily results from our decisions to reduce credit exposure, to change duration targets, to rebalance our portfolios or due to relative value determinations.

Net realized gains or losses also include realized and unrealized contract gains and losses on our derivative instruments, changes in the fair value of assets accounted for using the fair value option and in the fair value of equities, along with changes in the allowance for credit losses on financial assets and net impairment losses recognized in earnings. See [note 7, "Investment Information—Net Realized Gains \(Losses\)"](#) and [note 7, "Investment Information—](#)

Equity in Net Income or Losses of Investment Funds Accounted for Using the Equity Method.

Equity in net income of income from investment funds accounted for using the equity method was \$59 million in the 2023 third quarter, compared to a loss of \$19 million for the 2022 third 2024 first quarter and income of \$176 million for the nine months ended September 30, 2023 was \$99 million, compared to income of \$75 million \$48 million for the 2022 period, 2023 first quarter. Such investments are generally recorded on a one to three month lag based on the availability of reports from the investment funds. Investment funds accounted for using the equity method totaled \$4.3 billion \$4.8 billion at September 30, 2023 March 31, 2024, compared to \$3.8 billion \$4.6 billion at December 31, 2022 December 31, 2023. See [note 7, "Investment Information—Investments Accounted For Using the Equity Method."](#) to our consolidated financial statements for additional information.

Net Foreign Exchange Gains or Losses.

Net foreign exchange gains for the 2023 third 2024 first quarter were \$22 million \$31 million, compared to gains losses of \$91 million \$18 million for the 2022 third 2023 first quarter. Net foreign exchange losses for the nine months ended September 30, 2023 were \$1 million, compared to gains of \$183 million for the 2022 period. Amounts in both periods were primarily unrealized and resulted from the effects of revaluing our net insurance liabilities required to be settled in foreign currencies at

[Allowance for Expected Credit Losses."](#) to our consolidated financial statements for additional information.

each balance sheet date.

Income Tax Expense.

Our income tax provision on income or loss before income taxes, including income or loss from operating affiliates, resulted in an expense effective tax rate of 8.8% 8.3% for the nine months ended September 30, 2023, 2024 first quarter, compared to an expense of 3.0% 8.2% for the 2022 period. 2023 first quarter. See [note 13, "Income Taxes"](#) to our consolidated financial statements for additional information.

Income or Losses from Operating Affiliates.

Income from operating affiliates for 2023 third 2024 first quarter was \$54 million, compared to income of \$9 million for the 2022 third quarter, and income of \$115 million for the nine months ended September 30, 2023 \$55 million, compared to income of \$39 million for the 2022 period. 2023 first quarter. See [note 7, "Investment Information—Investments in Operating Affiliates."](#) to our consolidated financial statements for additional information.

**CRITICAL ACCOUNTING POLICIES,
ESTIMATES AND RECENT ACCOUNTING PRONOUNCEMENTS**

Critical accounting policies, estimates and recent accounting pronouncements are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2022 2023 Form 10-K, updated where applicable in the notes accompanying our consolidated financial statements, including [note 1, "Basis of Presentation and Recent Accounting Pronouncements."](#)

FINANCIAL CONDITION

Investable Assets Held by Arch

At September 30, 2023 March 31, 2024, approximately \$20.9 billion \$22.1 billion, or 65% 61%, of total investable assets held by Arch were internally managed, compared to \$18.8 billion \$21.9 billion, or 67% 63%, at December 31, 2022 December 31, 2023. See note 7, "Investment Information" to our consolidated financial statements for additional information.

September 30, 2023		December 31, 2022	
March 31, 2024			
March 31, 2024			
March 31, 2024			
Average effective duration (in years)			
Average effective duration (in years)			
Average effective duration (in years)	Average effective duration (in years)	2.97	2.89
Average S&P/Moody's credit ratings (1)	Average S&P/Moody's credit ratings (1)	AA-/Aa3	AA-/Aa3
Average S&P/Moody's credit ratings (1)			
Average S&P/Moody's credit ratings (1)			

(1) Average credit ratings on our investment portfolio on securities with ratings assigned by Standard & Poor's Rating Services ("S&P") and Moody's Investors Service ("Moody's").

The following table provides the credit quality distribution of our fixed maturities. For individual fixed maturities, S&P ratings are used. In the absence of an S&P rating, ratings from Moody's are used, followed by ratings from Fitch Ratings.

		Estimated Fair Value	% of Total
September 30, 2023			
		Estimated Fair Value	% of Total
March 31, 2024			
U.S. government and gov't agencies (1)			
U.S. government and gov't agencies (1)			
U.S. government and gov't agencies (1)	U.S. government and gov't agencies (1)	\$ 6,359	27.5
AAA	AAA	4,164	18.0
AA	AA	2,061	8.9
A	A	4,523	19.6
BBB	BBB	4,390	19.0
BB	BB	773	3.3
B	B	352	1.5
Lower than B	Lower than B	16	0.1
Not rated	Not rated	491	2.1
Total	Total	\$ 23,129	100.0
December 31, 2022			
December 31, 2023			
December 31, 2023			
December 31, 2023			
U.S. government and gov't agencies (1)			
U.S. government and gov't agencies (1)			
U.S. government and gov't agencies (1)	U.S. government and gov't agencies (1)	\$ 5,831	28.8
AAA	AAA	3,617	17.9
AA	AA	2,214	10.9
A	A	3,993	19.7
BBB	BBB	3,324	16.4
BB	BB	560	2.8
B	B	377	1.9
Lower than B	Lower than B	12	0.1
Not rated	Not rated	309	1.5
Total	Total	\$ 20,237	100.0

(1) Includes U.S. government-sponsored agency residential mortgage-backed securities and agency commercial mortgage-backed securities.

The following table provides information on the severity of the unrealized loss position as a percentage of amortized cost for all fixed maturities which were in an unrealized loss position:

Severity of gross unrealized losses:	Severity of gross unrealized losses:	Estimated Fair Value	Gross Unrealized Losses	% of Total Gross Unrealized Losses	Severity of gross unrealized losses:	Estimated Fair Value	Gross Unrealized Losses	% of Total Gross Unrealized Losses
September 30, 2023								
March 31, 2024								
0-10%								
0-10%								
0-10%	0-10%	\$ 16,607	\$ (571)	40.4				
10-20%	10-20%	3,510	(555)	39.3				
20-30%	20-30%	834	(243)	17.2				
Greater than 30%	Greater than 30%	82	(45)	3.2				
Total	Total	\$ 21,033	\$ (1,414)	100.0				
December 31, 2022								
December 31, 2023								
December 31, 2023								
December 31, 2023								
0-10%								
0-10%								
0-10%	0-10%	\$ 12,343	\$ (580)	35.2				
10-20%	10-20%	5,331	(844)	51.2				
20-30%	20-30%	692	(199)	12.1				
Greater than 30%	Greater than 30%	44	(24)	1.5				
Total	Total	\$ 18,410	\$ (1,647)	100.0				

The following table summarizes our top ten exposures to fixed income corporate issuers by fair value at **September 30, 2023** **March 31, 2024**, excluding guaranteed amounts and covered bonds:

	Estimated Fair Value	Credit Rating (1)
Bank of America Corporation JPMorgan Chase & Co.	\$ 360 352	A-/A1
Morgan Stanley	333 323	A-/A1
JPMorgan Chase & Co, Bank of America Corporation	315 312	A-/A1
The Goldman Sachs Group, Inc.	240 260	BBB+/A2
Citigroup Inc.	222	BBB+/A3
HSBC Holdings plc	167	A-/A2
Blue Owl Capital Inc.	160 197	BBB-/Baa3
Citigroup Inc.	182	BBB+/A3
Ford Motor Company	178	BBB-/Ba1
Hyundai Motor Company	149	BBB+/A3
Wells Fargo & Company	149 140	BBB+/A1
Philip Morris International Inc. Roche Holding AG	142 134	A-/A2
Deere & Company	129	A/A2 AA/Aa2
Total	\$ 2,217 2,227	

(1) Average credit ratings as assigned by S&P and Moody's, respectively.

The following table provides information on our structured securities, which includes residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS"):

Below						
Investment Investment						
Agencies		Grade		Grade		Total
September 30, 2023						
Below						
Investment		Investment				
Agencies		Grade		Grade		Total
March						
31,						
2024						
RMBS						
RMBS						
RMBS	RMBS	\$	682	\$	283	\$ — \$ 965
CMBS	CMBS		7		998	97 1,102
ABS	ABS		—		2,205	139 2,344
Total	Total	\$	689	\$	3,486	\$ 236 \$4,411
December						
31, 2022						
December						
31, 2023						
December						
31, 2023						
December						
31, 2023						
RMBS						
RMBS						
RMBS	RMBS	\$	645	\$	134	\$ 16 \$ 795
CMBS	CMBS		18		947	82 1,047
ABS	ABS		—		1,788	141 1,929
Total	Total	\$	663	\$	2,869	\$ 239 \$3,771

The following table summarizes our equity securities, which include investments in exchange traded funds:

September 30, 2023				December 31, 2022			
March 31, 2024				March 31, 2024			
				December 31, 2023			
Equities (1)	Equities (1)	\$ 528	\$ 570				
Exchange traded funds	Exchange traded funds						
Fixed income (2)	Fixed income (2)	277	272				
Fixed income (2)							
Fixed income (2)							
Equity and other (3)	Equity and other (3)	96	32				

Total	Total	\$	901	\$	874
-------	-------	----	-----	----	-----

- (1) Primarily in technology, consumer non-cyclical, communications, technology, financial and consumer cyclical industrial sectors at September 30, 2023 March 31, 2024.
- (2) Primarily in corporate exposure exposures at September 30, 2023 March 31, 2024.
- (3) Primarily in large cap stocks, foreign equities, healthcare, technology financials, consumer staples, industrials and consumer discretionary energy sectors at September 30, 2023 March 31, 2024.

For details on our other investments and other investable assets, see [note 7, "Investment Information—Other Investments"](#) to our consolidated financial statements.

For details on our investments accounted for using the equity method, see [note 7, "Investment Information—Investments Accounted For Using the Equity Method,"](#) to our consolidated financial statements.

Our investment strategy allows for the use of derivative instruments. We utilize 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. See [note 9, "Derivative Instruments,"](#) to our consolidated financial statements for additional disclosures related to derivatives.

Accounting guidance regarding fair value measurements addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under GAAP and provides a common definition of fair value to be used throughout GAAP. See [note 8, "Fair Value,"](#) to our consolidated financial statements

for a summary of our financial assets and liabilities measured at fair value, segregated by level in the fair value hierarchy.

Reinsurance

The effects of reinsurance on written and earned premiums and losses and loss adjustment expenses ("LAE") with unaffiliated reinsurers were as follows:

		Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2023	2022	2023	2022
Three Months Ended					
Three Months Ended					
Three Months Ended					
March 31,					
March 31,					
March 31,					
2024					
2024					
2024					
Premiums written:					
Premiums written:					
Premiums written:	Premiums written:	\$	2,496	\$	2,248
Direct	Direct	\$	2,496	\$	7,227
Direct					
Direct					
Assumed					
Assumed					
Assumed	Assumed	2,031	1,613	6,925	5,027
Ceded	Ceded	(1,172)	(1,137)	(3,945)	(3,489)

Ceded						
Ceded						
Net						
Net						
Net	Net	\$	3,355	\$	2,724	\$ 10,207 \$ 8,043
Premiums earned:	Premiums earned:					
Premiums earned:						
Premiums earned:						
Direct						
Direct						
Direct	Direct	\$	2,338	\$	2,067	\$ 6,721 \$ 5,926
Assumed	Assumed		2,084		1,525	5,675 4,038
Assumed						
Assumed						
Ceded	Ceded		(1,174)		(1,121)	(3,300) (3,046)
Ceded						
Ceded						
Net						
Net						
Net	Net	\$	3,248	\$	2,471	\$ 9,096 \$ 6,918
Losses and LAE:	Losses and LAE:					
Losses and LAE:						
Losses and LAE:						
Direct						
Direct						
Direct	Direct	\$	1,206	\$	1,228	\$ 3,438 \$ 3,017
Assumed	Assumed		1,084		1,370	3,001 2,661
Assumed						
Assumed						
Ceded						
Ceded						
Ceded	Ceded		(643)		(915)	(1,830) (1,891)
Net	Net	\$	1,647	\$	1,683	\$ 4,609 \$ 3,787
Net						
Net						

See [note 6, "Allowance for Expected Credit Losses,"](#) to our consolidated financial statements for information about our reinsurance recoverables and related allowance for credit losses.

Bellemeade Re

We have entered into aggregate excess of loss mortgage reinsurance agreements with various special purpose reinsurance companies domiciled in Bermuda (the "Bellemeade Agreements"). For the respective coverage periods, we will retain the first layer of the respective aggregate losses and the special purpose reinsurance companies will provide second layer coverage up to the outstanding coverage amount. We will then retain losses in excess of the outstanding coverage limit. The aggregate excess of loss reinsurance coverage generally decreases over a ten-year period as the underlying covered mortgages amortize, unless provisional call options embedded within certain of the Bellemeade Agreements are executed or if pre-defined delinquency triggering events occur.

The following table summarizes the respective coverages and retentions at September 30, 2023 March 31, 2024:

Bellemeade Entities (Issue Date)	Initial Coverage at		Remaining Retention, Net
	Issuance	Current Coverage	
2018-1 Ltd. (1)	374	51	149
2018-3 Ltd. (2)	506	154	158
2019-1 Ltd. (3)	342	80	127
2019-2 Ltd. (4)	621	265	198
2019-3 Ltd. (5)	701	120	215
2019-4 Ltd. (6)	577	218	145
2020-2 Ltd. (7)	449	54	241
2020-3 Ltd. (8)	452	187	162
2020-4 Ltd. (9)	337	69	141
2021-1 Ltd. (10)	644	404	154
2021-2 Ltd. (11)	616	438	138
2021-3 Ltd. (12)	639	560	134
2022-1 Ltd. (13)	317	298	139
2022-2 Ltd. (14)	327	327	204
Total	\$ 6,902	\$ 3,225	\$ 2,305

Bellemeade Entities (Issue Date)	Initial Coverage at		Remaining Retention, Net
	Issuance	Current Coverage	
2019-3 Ltd. (1)	701	75	218
2021-3 Ltd. (2)	639	522	134
2022-1 Ltd. (3)	317	267	142
2022-2 Ltd. (4)	327	327	205
2023-1 Ltd. (5)	233	233	183
Total	\$ 2,217	\$ 1,424	\$ 882

- (1) Issued in April 2018, covering in-force policies issued between July 1, 2017 and December 31, 2017.
- (2) Issued in October 2018, covering in-force policies issued between January 1, 2018 and June 30, 2018.
- (3) Issued in March 2019, covering in-force policies primarily issued between 2005-2008 under United Guaranty Residential Insurance Company ("UGRIC"); as well as policies issued through 2015 under both UGRIC and Arch Mortgage Insurance Company.
- (4) Issued in April 2019, covering in-force policies issued between July 1, 2018 and December 31, 2018.
- (5) Issued in July 2019, covering in-force policies issued in 2016.
- (6) Issued in October 2019, covering in-force policies issued between January 1, 2019 and June 30, 2019.
- (7) Issued in September 2020, covering in-force policies issued between January 1, 2020 and May 31, 2020. \$423 million was directly funded by Bellemeade 2020-2 Ltd. with an additional \$26 million of capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (8) Issued in November 2020, covering in-force policies issued between June 1, 2020 and August 31, 2020. \$418 million was directly funded by Bellemeade 2020-3 Ltd. with an additional \$34 million of capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (9) Issued in December 2020, covering in-force policies issued between July 1, 2019 and December 31, 2019. \$321 million was directly funded by Bellemeade 2020-4 Ltd. with an additional \$16 million of capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (10) Issued in March 2021, covering in-force policies issued between September 1, 2020 and November 30, 2020. \$580 million was directly funded by Bellemeade Re 2021-1 Ltd. with an additional \$64 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (11) Issued in June 2021, covering in-force policies issued between December 1, 2020 and March 31, 2021. \$523 million was directly funded by Bellemeade Re 2021-2 Ltd. via insurance-linked notes, with an additional \$93 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.
- (12) Issued in September 2021, covering in-force policies issued between April 1, 2021 and June 30, 2021. \$508 million was directly funded by Bellemeade Re 2021-3 Ltd. via insurance-linked notes, with an additional \$131 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.

(13) (3) Issued in January 2022, covering in-force policies issued between July 1, 2021 and November 30, 2021. \$284 million was directly funded by Bellemeade Re 2022-1 Ltd. via insurance-linked notes, with an additional \$33 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.

(14) (4) Issued in September 2022, covering in-force policies issued between November 1, 2021 and June 30, 2022. \$201 million was directly funded by Bellemeade Re 2022-2 Ltd. via insurance-linked notes, with an additional \$126 million capacity provided directly to Arch MI U.S. by a separate panel of reinsurers.

See note 16, "Subsequent Events," (5) Issued in October 2023, covering in-force policies issued between January 1, 2023 and September 30, 2023. \$186 million was directly funded by Bellemeade Re 2023-1 Ltd. via insurance-linked notes, with an additional \$47 million capacity provided directly to our consolidated financial statements for information about our Bellemeade Agreements. Arch MI U.S. by a separate panel of reinsurers.

Reserve for Losses and Loss Adjustment Expenses

We establish reserve for losses and loss adjustment expenses ("Loss Reserves") which represent estimates involving actuarial and statistical projections, at a given point in time, of our expectations of the ultimate settlement and administration costs of losses incurred. Estimating Loss Reserves is inherently difficult. We utilize actuarial models as well as available historical insurance industry loss ratio experience and loss development patterns to assist in the establishment of Loss Reserves. Actual losses and loss adjustment expenses paid will deviate, perhaps substantially, from the reserve estimates reflected in our financial statements.

At September 30, 2023, March 31, 2024 and December 31, 2022, our Loss Reserves, net of unpaid losses and loss adjustment expenses recoverable, by type and by operating segment were as follows:

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Insurance segment:	Insurance segment:			Insurance segment:	
Case reserves	Case reserves	\$ 2,577	\$ 2,398		
IBNR reserves	IBNR reserves	5,461	4,934		
Total net reserves	Total net reserves	8,038	7,332		
Reinsurance segment:	Reinsurance segment:				
Case reserves	Case reserves	2,267	1,903		
Case reserves					
Case reserves					
Additional case reserves	Additional case reserves	511	481		
IBNR reserves	IBNR reserves	3,954	3,403		
Total net reserves	Total net reserves	6,732	5,787		
Mortgage segment:	Mortgage segment:				
Case reserves					
Case reserves					
Case reserves	Case reserves	383	447		
IBNR reserves	IBNR reserves	187	186		
Total net reserves	Total net reserves	570	633		
Total:	Total:				
Total:					
Total:					
Case reserves	Case reserves	5,227	4,748		
Additional case reserves	Additional case reserves	511	481		
IBNR reserves	IBNR reserves	9,602	8,523		
Total net reserves	Total net reserves	\$ 15,340	\$ 13,752		

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the insurance segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

		September 30, 2023		December 31, 2022	
		March 31, 2024		March 31, 2024	
				December 31, 2023	
Insurance segment:	Insurance segment:				
Professional lines					
Professional lines					
Professional lines	Professional lines	\$	2,347	\$	2,070
Construction and national accounts	Construction and national accounts		1,661		1,558
Excess and surplus casualty	Excess and surplus casualty		914		786
Programs	Programs		911		843
Property, energy, marine and aviation	Property, energy, marine and aviation		762		764
Travel, accident and health	Travel, accident and health		148		139
Warranty and lenders solutions	Warranty and lenders solutions		63		47
Other	Other		1,232		1,125
Total net reserves	Total net reserves	\$	8,038	\$	7,332

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the reinsurance segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

		September 30, 2023	December 31, 2022		
		March 31, 2024	March 31, 2024	December 31, 2023	
Reinsurance segment:	Reinsurance segment:				
Casualty					
Casualty					
Casualty	Casualty	\$ 2,606	\$ 2,342		
Other specialty	Other specialty	1,949	1,476		
Property excluding property catastrophe	Property excluding property catastrophe	1,123	993		
Property catastrophe	Property catastrophe	559	536		

Marine and aviation	Marine and aviation	350	292
Other	Other	145	148
Total net reserves	Total net reserves	\$ 6,732	\$ 5,787

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At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the mortgage segment's Loss Reserves by major line of business, net of unpaid losses and loss adjustment expenses recoverable, were as follows:

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Mortgage segment:	Mortgage segment:				
U.S. primary mortgage insurance (1)					
U.S. primary mortgage insurance (1)					
U.S. primary mortgage insurance (1)	U.S. primary mortgage insurance (1)	\$ 377	\$ 415		
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other	102	109		
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance	91	109		
Total net reserves	Total net reserves	\$ 570	\$ 633		

(1) At September 30, 2023 March 31, 2024, 31.8% 30.1% of total net reserves represents policy years 2013 2014 and prior and the remainder from later policy years. At December 31, 2022 December 31, 2023, 36.1% 31.0% of total net reserves represent policy years 2013 2014 and prior and the remainder from later policy years.

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Mortgage Operations Supplemental Information

The mortgage segment's insurance in force ("IIF") and risk in force ("RIF") were as follows at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

		September 30,		December 31,					
		2023		2022					
		Amount	%	Amount	%				
March 31, 2024						March 31, 2024		December 31, 2023	
						Amount	%	Amount	%
Insurance In Force (IIF) (1):	Insurance In Force (IIF) (1):								
U.S. primary mortgage insurance									
U.S. primary mortgage insurance									
U.S. primary mortgage insurance	U.S. primary mortgage insurance	\$292,903	57.4	\$295,651	57.6				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other	152,453	29.9	145,087	28.3				
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance	65,107	12.8	72,315	14.1				
Total	Total	\$510,463	100.0	\$513,053	100.0				
Risk In Force (RIF) (2):	Risk In Force (RIF) (2):								
Risk In Force (RIF) (2):									
U.S. primary mortgage insurance									
U.S. primary mortgage insurance									
U.S. primary mortgage insurance	U.S. primary mortgage insurance	\$ 75,850	84.9	\$ 75,806	84.8				
U.S. credit risk transfer (CRT) and other	U.S. credit risk transfer (CRT) and other	6,478	7.2	6,245	7.0				
International mortgage insurance/reinsurance	International mortgage insurance/reinsurance	7,034	7.9	7,369	8.2				
Total	Total	\$ 89,362	100.0	\$ 89,420	100.0				

(1) Represents the aggregate dollar amount of each insured mortgage loan's current principal balance. Such amounts are shown before external reinsurance.

(2) The aggregate dollar amount of each insured mortgage loan's current principal balance multiplied by the insurance coverage percentage specified in the policy for insurance policies issued and after contract limits and/or loss ratio caps for risk-sharing or reinsurance. Such amounts are shown before external reinsurance.

The IIF and RIF for our U.S. primary mortgage insurance business by policy year were as follows at September 30, 2023:

Policy year:	IIF		RIF		Delinquency
	Amount	%	Amount	%	Rate (1)
2013 and prior	\$ 11,263	3.8	\$ 2,842	3.7	6.52 %
2014	2,759	0.9	742	1.0	2.43 %
2015	5,113	1.7	1,366	1.8	1.88 %
2016	7,970	2.7	2,148	2.8	2.51 %
2017	8,016	2.7	2,132	2.8	2.96 %

2018		8,908	3.0		2,302	3.0	3.66 %
2019		16,572	5.7		4,250	5.6	2.22 %
2020		54,238	18.5		13,997	18.5	1.06 %
2021		80,045	27.3		20,567	27.1	1.00 %
2022		65,065	22.2		17,038	22.5	0.72 %
2023		32,954	11.3		8,466	11.2	0.15 %
Total	\$	292,903	100.0	\$	75,850	100.0	1.65 %

(1) Represents the ending percentage of loans in default.

The IIF and RIF for our U.S. primary mortgage insurance business by policy year were as follows at **December 31, 2022** **March 31, 2024**:

		IIF		RIF		Delinquency													
		Amount	%	Amount	%	Rate (1)													
		IIF								IIF				RIF				Delinquency	
																		Rate	
								Amount		%				Amount		%		(1)	
Policy year:	Policy year:																		
2013 and prior		\$ 12,931	4.4	\$ 3,222	4.3	7.07	%												
2014		3,696	1.3	1,012	1.3	2.61	%												
2014 and prior																			
2014 and prior																			
2014 and prior																			
2014 and prior								\$ 12,791	4.4	\$3,254		4.3	5.60		%				
2015	2015	6,236	2.1	1,680	2.2	2.08	%	2015	4,299	1.5	1.5	1,131	1,131	1.5	1.5	1.95	1.95	%	
2016	2016	10,225	3.5	2,744	3.6	2.66	%	2016	7,039	2.4	2.4	1,887	1,887	2.5	2.5	2.35	2.35	%	
2017	2017	9,508	3.2	2,521	3.3	3.06	%	2017	7,172	2.5	2.5	1,912	1,912	2.5	2.5	2.95	2.95	%	
2018	2018	10,260	3.5	2,625	3.5	4.11	%	2018	8,173	2.8	2.8	2,122	2,122	2.8	2.8	3.76	3.76	%	
2019	2019	19,096	6.5	4,840	6.4	2.36	%	2019	14,976	5.2	5.2	3,900	3,900	5.2	5.2	2.30	2.30	%	
2020	2020	65,141	22.0	16,414	21.7	1.20	%	2020	48,509	16.8	16.8	12,727	12,727	16.9	16.9	1.14	1.14	%	
2021	2021	89,621	30.3	22,740	30.0	0.95	%	2021	73,167	25.4	25.4	19,039	19,039	25.3	25.3	1.14	1.14	%	
2022	2022	68,937	23.3	18,008	23.8	0.20	%	2022	62,612	21.7	21.7	16,444	16,444	21.9	21.9	0.93	0.93	%	
2023								2023	40,369	14.0	10,382		13.8		0.42		%		
2024								2024	9,278	3.2	2,396		3.2		0.02		%		
Total	Total	\$295,651	100.0	\$75,806	100.0	1.77	%	Total	\$288,385	100.0	100.0	\$ 75,194	100.0	100.0	1.65	1.65	%		

(1) Represents the ending percentage of loans in default.

The IIF and RIF for our U.S. primary mortgage insurance business by policy year were as follows at December 31, 2023:

Policy year:	IIF		RIF		Delinquency	
	Amount	%	Amount	%	Rate (1)	
2014 and prior	\$ 13,301	4.6	\$ 3,387	4.5		6.01 %
2015	4,691	1.6	1,244	1.6		1.98 %
2016	7,525	2.6	2,025	2.7		2.50 %
2017	7,600	2.6	2,023	2.7		3.13 %
2018	8,512	2.9	2,207	2.9		4.04 %
2019	15,767	5.4	4,074	5.4		2.40 %
2020	51,349	17.7	13,357	17.7		1.17 %

2021	76,667	26.4	19,812	26.2	1.12 %
2022	63,899	22.0	16,755	22.2	0.89 %
2023	41,453	14.3	10,643	14.1	0.26 %
Total	\$ 290,764	100.0	\$ 75,527	100.0	1.74 %

(1) Represents the ending percentage of loans in default.

The following tables provide supplemental disclosures on risk in force for our U.S. primary mortgage insurance business at **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**:

		September 30, 2023		December 31, 2022	
		Amount	%	Amount	%
March 31, 2024		March 31, 2024		December 31, 2023	
		Amount	%	Amount	%
Credit quality (FICO);	Credit quality (FICO);				
>=740					
>=740					
>=740	>=740	\$46,990	62.0	\$46,812	61.8
680-739	680-739	25,055	33.0	24,945	32.9
620-679	620-679	3,554	4.7	3,772	5.0
<620	<620	251	0.3	277	0.4
Total	Total	\$75,850	100.0	\$75,806	100.0
Weighted average FICO score	Weighted average FICO score	748		750	
Loan-to- value (LTV);	Loan-to- value (LTV);				
Loan-to-value (LTV);					
Loan-to-value (LTV);					
95.01% and above					
95.01% and above					
95.01% and above	95.01% and above	\$ 7,113	9.4	\$ 7,289	9.6
90.01% to 95.00%	90.01% to 95.00%	44,675	58.9	43,681	57.6
85.01% to 90.00%	85.01% to 90.00%	20,565	27.1	20,851	27.5
85.00% and below	85.00% and below	3,497	4.6	3,985	5.3
Total	Total	\$75,850	100.0	\$75,806	100.0
Weighted average LTV	Weighted average LTV	93.0 %		92.8 %	
Total RIF, net of external reinsurance	Total RIF, net of external reinsurance	\$56,946		\$57,151	
Total RIF, net of external reinsurance					
Total RIF, net of external reinsurance					
		March 31, 2024		December 31, 2023	
		Amount	%	Amount	%
Total RIF by State:					
California		\$ 6,105	8.1	\$ 6,162	8.2

Texas	5,859	7.8	5,972	7.9
North Carolina	3,245	4.3	3,248	4.3
Minnesota	3,056	4.1	3,069	4.1
Georgia	3,043	4.0	3,081	4.1
Illinois	2,979	4.0	2,986	4.0
Florida	2,929	3.9	3,007	4.0
Massachusetts	2,852	3.8	2,858	3.8
Michigan	2,796	3.7	2,773	3.7
Virginia	2,562	3.4	2,578	3.4
Other	39,768	52.9	39,793	52.7
Total	\$ 75,194	100.0	\$ 75,527	100.0

	September 30, 2023		December 31, 2022	
	Amount	%	Amount	%
<u>Total RIF by State:</u>				
California	\$ 6,235	8.2	\$ 6,341	8.4
Texas	6,081	8.0	6,151	8.1
North Carolina	3,258	4.3	3,160	4.2
Georgia	3,116	4.1	3,169	4.2
Florida	3,086	4.1	3,268	4.3
Minnesota	3,060	4.0	3,003	4.0
Illinois	2,994	3.9	3,081	4.1
Massachusetts	2,841	3.7	2,809	3.7
Michigan	2,722	3.6	2,618	3.5
Virginia	2,605	3.4	2,656	3.5
Other	39,852	52.5	39,550	52.2
Total	\$ 75,850	100.0	\$ 75,806	100.0

The following table provides supplemental disclosures for our U.S. primary mortgage insurance business related to insured loans and loss metrics:

(U.S. Dollars in thousands, except policy, loan and claim count)	(U.S. Dollars in thousands, except policy, loan and claim count)	Nine Months Ended		(U.S. Dollars in thousands, except policy, loan and claim count)	Three Months Ended
		September 30,			March 31,
		2023	2022		2024 2023
<u>Roll-forward of insured loans in default:</u>	<u>Roll-forward of insured loans in default:</u>				
Beginning delinquent number of loans	Beginning delinquent number of loans	20,567	27,645		
Beginning delinquent number of loans					

Beginning delinquent number of loans				
New notices	New notices	28,642	26,328	
Cures	Cures	(29,903)	(33,225)	
Paid claims	Paid claims	(662)	(534)	
Ending delinquent number of loans (1)	Ending delinquent number of loans (1)	18,644	20,214	
Ending delinquent number of loans (1)				
Ending delinquent number of loans (1)				
Ending number of policies in force (1)				
Ending number of policies in force (1)				
Ending number of policies in force (1)	Ending number of policies in force (1)	1,129,351	1,168,735	
Delinquency rate (1)	Delinquency rate (1)	1.65 %	1.73 %	
Delinquency rate (1)				
Delinquency rate (1)				
1.65 % 1.65 %				
<u>Losses:</u>	<u>Losses:</u>			
<u>Losses:</u>				
<u>Losses:</u>				
Number of claims paid				
Number of claims paid				
Number of claims paid	Number of claims paid	662	534	
Total paid claims	Total paid claims	\$ 19,502	\$ 16,865	
Average per claim	Average per claim	\$ 29.5	\$ 31.6	
Severity (2)	Severity (2)	68.8 %	74.3 %	Severity (2)
Average case reserve per default (1)	Average case reserve per default (1)	\$ 21.2	\$ 27.7	78.6 % 81.8 %

Shareholders' Equity and Book Value per Share

The following table presents the calculation of book value per share:

		September	December
		30,	31,
		2023	2022
		March 31,	March 31,
		2024	December 31,
		2024	2023
Total	Total		
shareholders'	shareholders'		
equity	equity		
available to	available to		
Arch	Arch	\$ 15,239	\$ 12,910
Less	Less		
preferred	preferred		
shareholders'	shareholders'		
equity	equity	830	830
Common	Common		
shareholders'	shareholders'		
equity	equity		
available to	available to		
Arch	Arch	\$ 14,409	\$ 12,080
Common	Common		
shares and	shares and		
common	common		
share	share		
equivalents	equivalents		
outstanding,	outstanding,		
net of	net of		
treasury	treasury		
shares (1)	shares (1)	373.1	370.3
Book value	Book value		
per share	per share	\$ 38.62	\$ 32.62

(1) Excludes the effects of 12.7 million 11.4 million and 14.4 million 12.5 million stock options and 0.6 million 0.4 million and 0.6 million 0.4 million restricted stock units outstanding at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

LIQUIDITY

Liquidity is a measure of our ability to access sufficient cash flows to meet the short-term and long-term cash requirements of our business operations.

Arch Capital is a holding company whose assets primarily consist of the shares in its subsidiaries. Generally, Arch Capital depends on its available cash resources, liquid investments and dividends or other distributions from its subsidiaries to make payments, including the payment of debt service obligations and operating expenses it may incur and any dividends or liquidation amounts with respect to our preferred and common shares.

For the ~~nine~~ ~~three~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~, Arch Capital received dividends of ~~\$98 million~~ ~~\$68 million~~ from Arch Reinsurance Ltd. ("Arch Re Bermuda"), our Bermuda based reinsurer and insurer, which can pay approximately ~~\$3.6 billion~~ ~~\$4.7 billion~~ to Arch Capital during the remainder of ~~2023~~ ~~2024~~ without providing an affidavit to the Bermuda Monetary Authority.

We expect that our liquidity needs, including our anticipated (re)insurance obligations and operating and capital expenditure needs, for at least the next twelve months and thereafter for the foreseeable future, will be met by funds generated from underwriting activities and investment income, as well as by our balance of cash, short-term investments, proceeds on the sale or maturity of our investments, and our credit facilities. ~~During the 2023 third quarter, Arch Capital and certain of its subsidiaries amended the existing credit agreement. For details on our credit agreement, see note 10, "Commitments and Contingencies" and see note 16, "Subsequent Events" to our consolidated financial statements.~~

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities:

		Nine Months Ended September 30,			
		Three Months Ended March 31,		Three Months Ended March 31,	
		2023	2022	2024	2023
Total cash provided by (used for):	Total cash provided by (used for):				
Operating activities	Operating activities	\$4,084	\$2,834		
Investing activities	Investing activities	(3,936)	(2,106)		
Financing activities	Financing activities	(52)	(704)		
Effects of exchange rate changes on foreign currency cash and restricted cash	Effects of exchange rate changes on foreign currency cash and restricted cash	(14)	(80)		
Increase (decrease) in cash and restricted cash	Increase (decrease) in cash and restricted cash	\$ 82	\$ (56)		

Cash provided by operating activities for the **nine three** months ended **September 30, 2023** **March 31, 2024** was higher than in the **2022 2023** period. Activity for the **nine three** months ended **September 30, 2023** **March 31, 2024** primarily reflected a higher level of premiums collected than in the **2022 2023** period.

Cash used for investing activities for the **nine three** months ended **September 30, 2023** **March 31, 2024** was higher than in the **2022 2023** period. Activity for the **nine three** months ended **September 30, 2023** **March 31, 2024** reflected higher net purchases than in the **2022 2023** period due in part to **strong the investment of** operating cash flows in **2023. flows.**

Cash used for financing activities for the **nine three** months ended **September 30, 2023** **March 31, 2024** was **lower higher** than in the **2022** period. Activity for the nine months ended **September 30, 2023** reflected no repurchases under our **2023 period, reflecting common share** repurchase program, while the 2022 period included \$586 million of share repurchases, **activity.**

CAPITAL RESOURCES

The following table provides an analysis of our capital structure:

		September 30, 2023	December 31, 2022
		March 31, 2024	December 31, 2023
Senior notes	Senior notes	\$ 2,726	\$ 2,725
Senior notes			
Senior notes			
Shareholders' equity available to Arch:	Shareholders' equity available to Arch:		
Shareholders' equity available to Arch:			
Shareholders' equity available to Arch:			
Series F non-cumulative preferred shares			
Series F non-cumulative preferred shares			
Series F non-cumulative preferred shares	Series F non-cumulative preferred shares	\$ 330	\$ 330
Series G non-cumulative preferred shares	Series G non-cumulative preferred shares	500	500
Common shareholders' equity	Common shareholders' equity	14,409	12,080
Total	Total	\$ 15,239	\$ 12,910
Total capital available to Arch	Total capital available to Arch	\$ 17,965	\$ 15,635
Total capital available to Arch			
Total capital available to Arch			
Debt to total capital (%)			
Debt to total capital (%)			
Debt to total capital (%)	Debt to total capital (%)	15.2	17.4
Preferred to total capital (%)	Preferred to total capital (%)	4.6	5.3
Debt and preferred to total capital (%)	Debt and preferred to total capital (%)	19.8	22.7

Arch MI U.S. is required to maintain compliance with the GSEs requirements, known as the Private Mortgage Insurer Eligibility Requirements or "PMIERS." The financial requirements require an eligible mortgage insurer's available assets, which generally include only the most liquid assets of

an insurer, to meet or exceed "minimum required assets" as of each quarter end. Minimum required assets are calculated from PMIERS tables with several risk dimensions (including origination year, original loan-to-value and original credit score of performing loans, and the delinquency status of non-performing loans) and are subject to a minimum amount. Arch MI U.S. satisfied the PMIERS' financial requirements with an estimated PMIER sufficiency ratio of 245% 223% at September 30, 2023 March 31, 2024, compared to 236% 213% at December 31, 2022 December 31, 2023.

Arch Capital, through its subsidiaries, provides financial support to certain of its insurance subsidiaries and affiliates, through certain reinsurance arrangements beneficial to the ratings of such subsidiaries. Historically, our insurance, reinsurance and mortgage insurance subsidiaries have entered into separate reinsurance arrangements with Arch Re Bermuda covering individual lines of business.

GUARANTOR INFORMATION

The below table provides a description of our senior notes payable at September 30, 2023 March 31, 2024:

		Interest		Principal	Carrying			Interest		Principal	Carrying
Issuer/Due	Issuer/Due	(Fixed)	Amount	Amount		Issuer/Due	(Fixed)	Amount		Amount	
Arch	Arch										
Capital:	Capital:										
May 1, 2034	May 1, 2034										
May 1, 2034	May 1, 2034	7.350 %	\$ 300	\$ 298							
June 30, 2050	June 30, 2050	3.635 %	1,000	989		June 30, 2050	3.635 %	1,000			989
Arch-U.S.:	Arch-U.S.:										
Nov. 1, 2043 (1)	Nov. 1, 2043 (1)	5.144 %	500	495							
Nov. 1, 2043 (1)	Nov. 1, 2043 (1)										
Nov. 1, 2043 (1)	Nov. 1, 2043 (1)	5.144 %	500	495							
Arch	Arch										
Finance:	Finance:										
Dec. 15, 2026 (1)	Dec. 15, 2026 (1)										
Dec. 15, 2026 (1)	Dec. 15, 2026 (1)	4.011 %	500	498		Dec. 15, 2026 (1)	4.011 %	500			499
Dec. 15, 2046 (1)	Dec. 15, 2046 (1)	5.031 %	450	446		Dec. 15, 2046 (1)	5.031 %	450			446
Total	Total		\$ 2,750	\$ 2,726							

(1) Fully and unconditionally guaranteed by Arch Capital.

Our senior notes were issued by Arch Capital, Arch Capital Group (U.S.) Inc. ("Arch-U.S.") and Arch Capital Finance LLC ("Arch Finance"). Arch-U.S. is a wholly-owned subsidiary of Arch Capital and Arch Finance is a wholly-owned finance subsidiary of Arch-U.S. Our 2034 senior notes and 2050 senior notes issued by Arch Capital are unsecured and unsubordinated obligations of Arch Capital and ranked equally with all of its existing and future unsecured and unsubordinated indebtedness. The 2043 senior notes issued by Arch-U.S. are unsecured and unsubordinated obligations of Arch-U.S. and Arch Capital and rank equally and ratably with the other unsecured and

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The following tables present condensed financial information for Arch Capital (parent guarantor) and Arch-U.S. (subsidiary issuer):

Senior notes	Senior notes	1,287	495
Senior notes			
Senior notes			
Due to subsidiaries and affiliates			
Due to subsidiaries and affiliates			
Due to subsidiaries and affiliates	Due to subsidiaries and affiliates	—	1,018
Other liabilities	Other liabilities	42	45
Other liabilities			
Other liabilities			
Total liabilities	Total liabilities	\$ 1,329	\$ 1,558
Total liabilities			
Total liabilities			
Non-cumulative preferred shares			
Non-cumulative preferred shares			
Non-cumulative preferred shares	Non-cumulative preferred shares	\$ 830	—

	December 31, 2022			
	Arch Capital		Arch-U.S.	
Assets				
Total investments	\$	7	\$	79
Cash		11		10
Investment in operating affiliates		5		—
Due from subsidiaries and affiliates		2		—
Other assets		18		30
Total assets	\$	43	\$	119
Liabilities				
Senior notes		1,287		495
Due to subsidiaries and affiliates		—		991
Other liabilities		37		37
Total liabilities	\$	1,324	\$	1,523
Non-cumulative preferred shares	\$	830		—

	Nine Months Ended			
	September 30, 2023			
	Arch Capital		Arch-U.S.	
Revenues				
Net investment income	\$	2	\$	3
Equity in net income (loss) of investments accounted for using the equity method		—		(3)
Total revenues		2		—
Expenses				
Corporate expenses		67		8
Interest expense		44		57
Total expenses		111		65
Income (loss) before income taxes and income (loss) from operating affiliates				
		(109)		(65)
Income tax (expense) benefit		—		15
Income (loss) from operating affiliates		(1)		—

Net income available to Arch	(110)	(50)
Preferred dividends	(30)	—
Net income (loss) available to Arch common shareholders	\$ (140)	\$ (50)

	Year Ended	
	December 31, 2022	
	Arch Capital	Arch-U.S.
Revenues		
Net investment income	2	1
Equity in net income (loss) of investments accounted for using the equity method	—	10
Total revenues	2	11
Expenses		
Corporate expenses	86	13
Interest expense	59	48
Total expenses	145	61
Income (loss) before income taxes and income (loss) from operating affiliates	(143)	(50)
Income tax (expense) benefit	—	10
Income (loss) from operating affiliates	(1)	—
Net income available to Arch	(144)	(40)
Preferred dividends	(41)	—
Net income (loss) available to Arch common shareholders	\$ (185)	\$ (40)

	December 31, 2023	
	Arch Capital	Arch-U.S.
Assets		
Total investments	\$ 17	\$ 145
Cash	9	5
Investment in operating affiliates	4	—
Due from subsidiaries and affiliates	—	—
Other assets	58	56
Total assets	\$ 88	\$ 206
Liabilities		
Senior notes	1,287	495
Due to subsidiaries and affiliates	—	993
Other liabilities	38	42
Total liabilities	\$ 1,325	\$ 1,530
Non-cumulative preferred shares	\$ 830	—

	Three Months Ended		Year Ended	
	March 31, 2024		December 31, 2023	
	Arch Capital	Arch-U.S.	Arch Capital	Arch-U.S.
Revenues				
Net investment income	\$ 1	\$ 2	\$ 2	\$ 4
Equity in net income (loss) of investments accounted for using the equity method	—	(1)	—	(2)
Total revenues	1	1	2	2
Expenses				
Corporate expenses	46	4	93	9
Interest expense	15	6	59	26
Interest expense (intercompany)	—	13	—	51
Total expenses	61	23	152	86
Income (loss) before income taxes and income (loss) from operating affiliates	(60)	(22)	(150)	(84)
Income tax (expense) benefit	—	3	41	19
Income (loss) from operating affiliates	—	—	(1)	—
Net income available to Arch	(60)	(19)	(110)	(65)
Preferred dividends	(10)	—	(40)	—
Net income (loss) available to Arch common shareholders	\$ (70)	\$ (19)	\$ (150)	\$ (65)

CATASTROPHIC AND SEVERE ECONOMIC EVENTS

We have large aggregate exposures to natural and man-made catastrophic events, pandemic events like COVID-19 and severe economic events. Natural catastrophes can be caused by various events, including hurricanes, floods, windstorms, earthquakes, hailstorms, tornadoes, explosions, severe winter weather, fires, droughts and other natural disasters. Man-made catastrophic events may include acts of war, acts of terrorism and political instability. Catastrophes can also cause losses in non-property business such as mortgage insurance, workers' compensation or general liability. In addition to the nature of property business, we believe that economic and geographic trends affecting insured property, including inflation, property value appreciation and geographic concentration, tend to generally increase the size of losses from catastrophic events over time.

Our models employ both proprietary and vendor-based systems and include cross-line correlations for property, marine, offshore energy, aviation, workers compensation and personal accident. We seek to limit the probable maximum pre-tax loss to a specific level for severe catastrophic events. Currently, we seek to limit our 1-in-250 year return period net probable maximum loss 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.

significant of which is a decline in home prices. The RDS model projects paths of future home prices, unemployment rates, income levels and interest rates and assumes correlation across states and geographic regions. The resulting future performance of our in-force portfolio is then estimated under the economic stress scenario, reflecting loan and borrower information.

Currently, we seek to limit our modeled RDS loss from a severe economic event to approximately 25% of tangible shareholders' equity available to Arch. We reserve the right to change this threshold at any time. Based on in-force exposure estimated as of **October 1, 2023** **April 1, 2024**, our modeled RDS loss was approximately **10%** **\$1.1 billion, or 6%** of tangible shareholders' equity available to Arch.

Net probable maximum loss estimates are net of expected reinsurance recoveries,

Based on in-force exposure estimated as of **October 1, 2023** **April 1, 2024**, our modeled peak zone catastrophe exposure was a windstorm affecting the Florida Tri-County regions, with a net probable maximum pre-tax loss of **\$1.47 billion** **\$1.7 billion, or 9% of tangible shareholders' equity available to Arch**, followed by windstorms affecting the Northeastern U.S. regions and the Gulf of Mexico with net probable maximum pre-tax losses of **\$1.41 billion** **\$1.5 billion** and **\$1.35 billion** **\$1.3 billion**, respectively. Our exposures to other perils, such as U.S. earthquake and international events, were less than the exposures arising from U.S. windstorms and hurricanes. As of **October 1, 2023** **April 1, 2024**, our modeled peak zone earthquake exposure (San Francisco earthquake) represented approximately 57% of our peak zone catastrophe exposure, and our modeled peak zone international exposure (**UK windstorm**) (**Japan earthquake**) was substantially less than both our peak zone windstorm and earthquake exposures.

We also have significant exposure to losses due to mortgage defaults resulting from severe economic events in the future. For our U.S. mortgage insurance business, we have developed a proprietary risk model ("Realistic Disaster Scenario" or "RDS") that simulates the maximum loss resulting from a severe economic downturn impacting the housing market. The RDS models the collective impact of adverse conditions for key economic indicators, the most

before income tax and before excess reinsurance reinstatement premiums. RDS loss estimates are net of expected reinsurance recoveries and before income tax. Catastrophe loss estimates are reflective of 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. Our catastrophe loss estimates and RDS loss estimates do not represent our maximum exposures and it is highly likely that our actual incurred losses would vary materially from the modeled estimates. There can be no assurances that we will not suffer pre-tax losses greater than 25% of our tangible shareholders' equity from one or more catastrophic events or severe economic events due to several

factors. These factors include the inherent uncertainties in estimating the frequency and severity of such events and the margin of error in making such determinations resulting from potential inaccuracies and inadequacies in the data provided by clients and brokers, the modeling techniques and the application of such techniques or as a result of a decision to change the percentage of shareholders' equity exposed to a single catastrophic event or severe economic event. In addition, actual losses may increase if our reinsurers fail to meet their obligations to us or the reinsurance protections purchased by us are exhausted or are otherwise unavailable. See "Risk Factors—Risks Relating to Our Industry" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Catastrophic Events and Severe Economic Events" in our 2022 2023 Form 10-K.

MARKET SENSITIVE INSTRUMENTS AND RISK MANAGEMENT

In accordance with the SEC's Financial Reporting Release No. 48, we performed a sensitivity analysis to determine the effects that market risk exposures could have on the future earnings, fair values or cash flows of our financial instruments as of **September 30, 2023** **March 31, 2024**. Market risk represents the risk of changes in the fair value of a financial instrument and is comprised of several components, including liquidity, basis and price risks.

An analysis of material changes in market risk exposures at **September 30, 2023** **March 31, 2024** that affect the quantitative and qualitative disclosures presented in our **2022 2023** Form 10-K (see section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Sensitive Instruments and Risk Management") were as follows:

Investment Market Risk

Fixed Income Securities. We invest in interest rate sensitive securities, primarily debt securities. We consider the effect of interest rate movements on the fair value of our fixed maturities, short-term investments and certain of our other investments, equity securities and investment funds accounted for using the equity method which invest in fixed income securities (collectively, "Fixed Income Securities") and the corresponding change in unrealized appreciation. As interest rates rise, the fair value of our Fixed Income Securities falls, and the converse is also true. Based on historical observations, there is a low probability that all interest rate yield curves would shift in the same direction at the same time. Furthermore, at times interest rate movements in certain credit sectors exhibit a much lower correlation to changes in U.S. Treasury yields. Accordingly, the actual effect of interest rate movements may differ materially from the amounts set forth in the following tables.

The following table summarizes the effect that an immediate, parallel shift in the interest rate yield curve would have had on our Fixed Income Securities:

(U.S. dollars in billions)	(U.S. dollars in billions)	Interest Rate Shift in Basis Points					(U.S. dollars in billions)	Interest Rate Shift in Basis Points				
		-100	-50	—	+50	+100		-100	-50	—	+50	
<u>September 30, 2023</u>												
<u>March 31, 2024</u>												
							<u>March 31, 2024</u>					
Total fair value	Total fair value	\$31.2	\$30.7	\$30.3	\$29.8	\$29.4						
Change from base	Change from base	3.0 %	1.5 %		(1.5)%	(2.9)%	Change from base	2.7 %		1.3 %		
Change in unrealized value	Change in unrealized value	\$ 0.9	\$ 0.5		\$ (0.5)	\$ (0.9)						
<u>December 31, 2022</u>												
<u>December 31, 2023</u>												
<u>December 31, 2023</u>												
<u>December 31, 2023</u>												
Total fair value												
Total fair value												
Total fair value	Total fair value	\$27.2	\$26.8	\$26.4	\$26.0	\$25.7						
Change from base	Change from base	2.9 %	1.4 %		(1.4)%	(2.7)%	Change from base	3.0 %		1.5 %		
Change in unrealized value	Change in unrealized value	\$ 0.8	\$ 0.4		\$ (0.4)	\$ (0.7)						

In addition, we consider the effect of credit spread movements on the market value of our Fixed Income Securities and the corresponding change in unrealized value. As credit spreads widen, the fair value of our Fixed Income Securities falls, and the converse is also true. In periods where the spreads on our Fixed Income Securities are much higher than their historical average due to short-term market dislocations, a parallel shift in credit spread levels would result in a much more pronounced change in unrealized value.

The following table summarizes the effect that an immediate, parallel shift in credit spreads in a static interest rate environment would have had on our Fixed Income Securities:

(U.S. dollars in billions)	(U.S. dollars in billions)	Credit Spread Shift in Percentage Points					(U.S. dollars in billions)	Credit Spread Shift in Percentage Points				
		-100	-50	—	+50	+100		-100	-50	—	+50	+100
September 30, 2023												
March 31, 2024												
Total fair value												
Total fair value												
Total fair value	Total fair value	\$31.5	\$30.9	\$30.3	\$29.7	\$29.0						
Change from base	Change from base	4.0 %	2.0 %		(2.0)%	(4.0)%	Change from base	3.4 %	1.7 %		(1.7)%	(3.4)%
Change in unrealized value	Change in unrealized value	\$ 1.2	\$ 0.6		\$ (0.6)	\$ (1.2)						
December 31, 2022												
December 31, 2023												
December 31, 2023												
December 31, 2023												
Total fair value												
Total fair value												
Total fair value	Total fair value	\$27.5	\$26.9	\$26.4	\$25.9	\$25.3						
Change from base	Change from base	4.1 %	2.0 %		(2.0)%	(4.1)%	Change from base	3.4 %	1.7 %		(1.7)%	(3.4)%
Change in unrealized value	Change in unrealized value	\$ 1.1	\$ 0.5		\$ (0.5)	\$ (1.1)						

Another method that attempts to measure portfolio risk is Value-at-Risk ("VaR"). VaR measures the worst expected loss under normal market conditions over a specific time interval at a given confidence level. The 1-year 95th percentile parametric VaR reported herein estimates that 95% of the time, the portfolio loss in a one-year horizon would be less than or equal to the calculated number, stated as a percentage of the measured portfolio's initial value. The VaR is a variance-covariance based estimate, based on linear sensitivities of a portfolio to a broad set of systematic market risk factors and idiosyncratic risk factors mapped to the portfolio exposures. The relationships between the risk factors are estimated using historical data, and the most

recent data points are generally given more weight. As of September 30, 2023 March 31, 2024, our portfolio's 95th percentile VaR was estimated to be 7.4% 6.3%, compared to an estimated 8.8% 7.8% at December 31, 2022 December 31, 2023. In periods where the volatility of the risk factors mapped to our portfolio's exposures is higher due to market conditions, the resulting VaR is higher than in other periods.

Equity Securities. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the fair value of our investments in equity securities and certain investments accounted for using the equity method with underlying equity strategies totaled \$766 million \$1.3 billion and \$791 million \$1.0 billion, respectively. These investments are exposed to price risk, which is the potential loss arising from decreases in fair value. An immediate hypothetical 10% decline in the value of each position would reduce the fair

value of such investments by approximately \$77 million \$134 million and \$79 million \$101 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and would have decreased book value per share by approximately \$0.21 \$0.36 and \$0.21, \$0.27, respectively. An immediate hypothetical 10% increase in the value of each position would increase the fair value of such investments by approximately \$77 million \$134 million and \$79 million \$101 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and would have increased book value per share by approximately \$0.21 \$0.36 and \$0.21, \$0.27, respectively.

Investment-Related Derivatives. At September 30, 2023 March 31, 2024, the notional value of all derivative instruments (excluding foreign currency forward contracts which are included in the foreign currency exchange risk analysis below) was \$4.7 billion \$3.4 billion, compared to \$6.6 billion \$4.2 billion at December 31, 2022 December 31, 2023. If the underlying exposure of each investment-related derivative held at September 30, 2023 March 31, 2024 depreciated by 100 basis points, it would have resulted in a reduction in net income of approximately \$47 million \$34 million, and a decrease in book value per share of approximately \$0.13 \$0.09 per share, compared to \$66 million \$42 million and \$0.18 \$0.11 per share, respectively, on investment-related derivatives held at December 31, 2022 December 31, 2023. If the underlying exposure of each investment-related derivative held at September 30, 2023 March 31, 2024 appreciated by 100 basis points, it would have resulted in an increase in net income of approximately \$47 million \$34 million, and an increase in book value per share of approximately \$0.13 \$0.09 per share, compared to \$66 million \$42 million and \$0.18 \$0.11 per share, respectively, on investment-related derivatives held at December 31, 2022 December 31, 2023. See note 9, "Derivative Instruments," to our consolidated financial statements for additional disclosures concerning derivatives.

For further discussion on investment activity, please refer to "Financial Condition—Investable Assets."

The following table provides a summary of our net foreign currency exchange exposures, as well as foreign currency derivatives in place to manage these exposures:

	September	December
	30,	31,
	2023	2022

Foreign Currency Exchange Risk

Foreign currency rate risk is the potential change in value, income and cash flow arising from adverse changes in foreign currency exchange rates. Through our subsidiaries and branches located in various foreign countries, we conduct our insurance and reinsurance operations in a variety of local currencies other than the U.S. Dollar. We generally hold investments in foreign currencies which are intended to mitigate our exposure to foreign currency fluctuations in our net insurance liabilities. We may also utilize foreign currency forward contracts and currency options as part of our investment strategy. See note 9, "Derivative Instruments," to our consolidated financial statements for additional information.

	March 31, 2024		March 31, 2024	December 31, 2023
Net assets (liabilities), denominated in foreign currencies, excluding shareholders' equity and derivatives	Net assets (liabilities), denominated in foreign currencies, excluding shareholders' equity and derivatives	\$ (409)	\$ (396)	
Shareholders' equity denominated in foreign currencies (1)	Shareholders' equity denominated in foreign currencies (1)	1,084	1,056	
Net foreign currency forward contracts outstanding (2)	Net foreign currency forward contracts outstanding (2)	4	312	
Net exposures denominated in foreign currencies	Net exposures denominated in foreign currencies	\$ 679	\$ 972	
Pre-tax impact of a hypothetical 10% appreciation of the U.S. Dollar against foreign currencies:	Pre-tax impact of a hypothetical 10% appreciation of the U.S. Dollar against foreign currencies:			
Pre-tax impact of a hypothetical 10% appreciation of the U.S. Dollar against foreign currencies:	Pre-tax impact of a hypothetical 10% appreciation of the U.S. Dollar against foreign currencies:			
Shareholders' equity	Shareholders' equity	\$ (68)	\$ (97)	
Book value per share	Book value per share	\$ (0.18)	\$ (0.26)	
Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar against foreign currencies:	Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar against foreign currencies:			
Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar against foreign currencies:	Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar against foreign currencies:			
Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar	Pre-tax impact of a hypothetical 10% decline of the U.S. Dollar			

against foreign currencies:

Shareholders' equity	Shareholders' equity				
		\$	68	\$	97
Book value per share	Book value per share				
		\$	0.18	\$	0.26

- (1) Represents capital contributions held in the foreign currencies of our operating units.
- (2) Represents the net notional value of outstanding foreign currency forward contracts.

Although we generally attempt to match the currency of our projected liabilities with investments in the same currencies, from time to time we may elect to over or underweight one or more currencies, which could increase our exposure to foreign currency fluctuations and increase the volatility of our shareholders' equity. Historical observations indicate a low probability that all foreign currency exchange rates would shift against the U.S. Dollar in the same direction and at the same time and, accordingly, the actual effect of foreign currency rate movements may differ materially from the amounts set forth above. For further discussion on foreign exchange activity, please refer to "Results of Operations."

Effects of Inflation

General economic inflation has increased in recent quarters and may continue to remain at elevated levels for an extended period of time. The potential also exists, after a catastrophe loss or pandemic events like COVID-19, for the development of inflationary pressures in a local economy. This may have a material effect on the adequacy of our reserves for losses and loss adjustment expenses, especially in longer-tailed lines of business, and on the market value of our investment portfolio through rising interest rates. The anticipated effects of inflation are considered in our pricing models, reserving processes and exposure management, across all lines of business and types of loss including natural catastrophe events. The actual effects of inflation on our results cannot be accurately known until claims are ultimately settled and will vary by the specific type of inflation affecting each line of business.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to the information appearing above under the subheading "Market Sensitive Instruments and Risk Management" under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," which information is hereby incorporated by reference.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the filing of this Form 10-Q, our management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Company's disclosure controls and procedures, as of the end of the period covered by this report, for the purposes set forth in the applicable rules under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of and during the period covered by this report with respect to report. Disclosure controls and procedures are the controls and other procedures designed to ensure that information being required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and with respect that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely communication to them and other members of management responsible for preparing periodic reports of all material information decisions regarding required to be disclosed in this report as it relates to Arch Capital and its consolidated subsidiaries. disclosure.

its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. As a result of the inherent limitations in a cost-effective control system, misstatement due to error or fraud may occur and not be detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the disclosure controls and procedures are met.

Changes in Internal Controls Control Over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We, in common with the insurance industry in general, are subject to litigation and arbitration in the normal course of our business. As of September 30, 2023 March 31, 2024, we were not a party to any litigation or arbitration which is expected by management to have a material adverse effect on our results of operations and financial condition and liquidity.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

We Our management does not expect that our disclosure controls or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or controls mistake. Additionally, controls can be circumvented by the individual acts of some persons or by collusion of two or more people. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving

our
business
and
our
regulatory
and
reporting
requirements.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer's Repurchases of Equity Securities

The following table summarizes our purchases of common shares for the 2023 third 2024 first quarter:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan or Programs (\$000's) (2)
7/1/2023-7/31/2023	6,197	\$ 77.42	—	\$	1,000,000
8/1/2023-8/31/2023	480	76.55	—	\$	1,000,000
9/1/2023-9/30/2023	636	77.23	—	\$	1,000,000
Total	7,313	\$ 77.35	—		

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan or Programs (\$000's) (2)
1/1/2024-1/31/2024	13,869	\$ 79.28	—	\$	1,000,000
2/1/2024-2/29/2024	290,808	87.15	—	\$	1,000,000
3/1/2024-3/31/2024	124,621	87.59	—	\$	1,000,000
Total	429,298	\$ 87.02	—		

- (1) This column represents (in whole shares) open market share repurchases, including an aggregate of 6,197, 480 13,869, 290,808 and 636 124,621 shares repurchased by Arch Capital during July, August January, February and September, March, respectively, other than through publicly announced plans or programs. We repurchased these shares from employees in order to facilitate the payment of withholding taxes on restricted shares granted and the exercise of stock appreciation rights, in each case at their fair value as determined by reference to the closing price of our common shares on the day the restricted shares vested or the stock appreciation rights were exercised.
- (2) This column represents the remaining approximate dollar amount available at the end of each applicable period under Arch Capital's \$1.0 billion share repurchase authorization, authorized by the Board of Directors of ACGL on December 19, 2022. Repurchases may be effected from time to time in open market or privately negotiated transactions through December 31, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended **September 30, 2023** **March 31, 2024**, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

ARCH CAPITAL

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2023 THIRD 2024 FIRST QUARTER FORM 10-Q

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Original Number	Date Filed	Filed Herewith
10.1 ^(a)	Fourth Amended and Restated Credit Agreement, dated as of August 23, 2023, by and among Arch Capital Group Ltd., certain of its subsidiaries, Bank of America, N.A., as Administrative Agent, and the lenders party thereto.				X
10.2 ^(a)	Letter of Credit Facility Agreement, dated as of September 27, 2023, by and between Arch Reinsurance Ltd., as the borrower and Lloyds Bank Corporate Markets plc, as the L/C Issuer.	8-K	10.1	October 2, 2023	
10.3 ^(a)	Amendment No. 3 and Joinder to Letter of Credit Facility Agreement, dated as of October 25, 2023, by and between Arch Reinsurance Ltd., as the borrower and Lloyds Bank Corporate Markets plc, as the Administrative Agent and L/C Agent.	8-K	10.1	October 30, 2023	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

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2023 THIRD 2024 FIRST QUARTER FORM 10-Q

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ARCH CAPITAL GROUP LTD.
	(REGISTRANT)
	/s/ Marc Grandisson
Date: November 9, 2023 May 9, 2024	Marc Grandisson
	Chief Executive Officer (Principal Executive Officer)
	/s/ François Morin
Date: November 9, 2023 May 9, 2024	François Morin
	Executive Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Treasurer

ARCH CAPITAL	66 57	2023 THIRD 2024 FIRST QUARTER FORM 10-Q
		Exhibit 10.1
		Execution Version

Deal CUSIP Number: G0506YAU1
Tranche A Facility CUSIP: G0506YAV9
Tranche B Facility CUSIP: G0506YAW7

FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of August 23, 2023

among

ARCH CAPITAL GROUP LTD.,
and
CERTAIN SUBSIDIARIES,
as the Borrowers,

BANK OF AMERICA, N.A.,
as Administrative Agent,
Fronting Bank and L/C Administrator,
The Other Lenders Party Hereto

and

BOFA SECURITIES, INC.,
as Lead Arranger and Bookrunner

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EXHIBITS

A	Form of Loan Notice
B	Form of Note
C	Form of Compliance Certificate
D-1	Form of Assignment and Assumption
D-2	Form of Administrative Questionnaire
E	Form of Several Letter of Credit
F	Copy of Security Agreement
G	Form of Borrowing Base Certificate
H	Form of Designated Subsidiary Borrower Request and Assumption Agreement
I	Form of Designated Subsidiary Borrower Notice
J	Copy of Confirmation Agreement
K	Copy of ACUS Guaranty
L	Copy of Parent Guaranty
M	Copy of Arch Finance Guaranty

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FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

This FOURTH AMENDED AND RESTATED CREDIT AGREEMENT ("Agreement") is entered into as of August 23, 2023 among ARCH CAPITAL GROUP LTD., an exempted company limited by shares incorporated under the laws of Bermuda ("Parent Borrower"), the Subsidiaries of the Parent Borrower party hereto, each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender"), and Bank of America, N.A., as Administrative Agent, L/C Administrator and a Fronting Bank.

WHEREAS, the Parent Borrower, certain Designated Subsidiary Borrowers, various lenders party thereto and the Administrative Agent are parties to an amended and restated credit agreement dated as of June 30, 2014 (the "Original Credit Agreement");

WHEREAS, the Original Credit Agreement was amended and restated pursuant to that certain Second Amended and Restated Credit Agreement, dated as of October 26, 2016, (the "A&R Credit Agreement") by and among the Parent Borrower, certain Designated Subsidiary Borrowers, various lenders party thereto and the Administrative Agent;

WHEREAS, the A&R Credit Agreement was amended and restated pursuant to that certain Third Amended and Restated Credit Agreement, dated as of December 17, 2019 (as amended, supplemented or otherwise modified from time to time immediately prior to the

occurrence of the Closing Date, the “Existing Credit Agreement”) by and among the Parent Borrower, certain Designated Subsidiary Borrowers, various lenders party thereto and the Administrative Agent;

WHEREAS, the parties hereto have agreed to amend and restate the Existing Credit Agreement to make available to the Borrowers a revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein; and

WHEREAS, the parties hereto intend that this Agreement and the documents executed in connection herewith not effect a novation of the obligations of the Borrowers under the Existing Credit Agreement, but merely a restatement of and, where applicable, an amendment to the terms governing such obligations;

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree the Existing Credit Agreement is hereby amended to state in its entirety as follows:

ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

“A&R Credit Agreement” has the meaning specified in the preliminary statements hereto.

“Account Bank” means any “bank” within the meaning of Section 9-102(a)(8) of the UCC at which any deposit account constituting a Collateral Account is held, which shall be (a) located in the United States and (b) reasonably acceptable to the Administrative Agent.

“Acquired Indebtedness” means Indebtedness of the Parent Borrower or a Subsidiary of the Parent Borrower acquired pursuant to an acquisition not prohibited under this Agreement (or Indebtedness assumed at the time of such acquisition of an asset securing such Indebtedness); provided that such Indebtedness was not incurred in connection with, or in anticipation or contemplation of, such acquisition.

“Act” has the meaning specified in Section 10.18.

“ACUS” means Arch Capital Group (U.S.) Inc., a Delaware corporation.

“ACUS Guaranty” means the guaranty executed by ACUS guaranteeing the Obligations of the Parent Borrower hereunder, a copy of which is attached as Exhibit K.

“Additional Financing Agreement” means the \$500,000,000 4.011% Senior Notes due 2026 and the \$450,000,000 5.031% Senior Notes due 2046 issued by the Specified Subsidiary and guaranteed by the Parent.

“Administrative Agent” means Bank of America in its capacity as administrative agent under any of the Credit Documents, or any successor administrative agent.

“Administrative Agent’s Office” means, with respect to any currency, the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02 with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify to the Parent Borrower and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in substantially the form of Exhibit D-2 or any other form approved by the Administrative Agent.

“Advance Rate” means, for Cash or any category of obligation or investment specified below in the column entitled “Cash and Eligible Securities” (other than Cash, the “Eligible Securities”), the percentage set forth opposite such category of Cash or Eligible Securities below in the column entitled “Advance Rate” and, in each case, subject to the term to maturity criteria set forth therein:

<u>Cash and Eligible Securities:</u>	<u>Advance Rate:</u>
<u>Cash:</u> Dollars and any overnight or other investment money market funds of the Financial Institution (or an Affiliate of such Financial Institution) at which a Collateral Account is held.	100%
<u>Time Deposits, CDs, Money Market Deposits and Money Market Mutual Funds:</u> Time deposits, certificates of deposit and money market deposits, denominated in Dollars, of any commercial bank incorporated in the United States with a rating of at least (i) AA- from S&P, (ii) Aa3 from Moody's or (iii) AA- from Fitch and maturing within two years from the date of determination. Money market mutual funds with institutions not affiliated with the Lenders with same-day liquidity and with a rating of (i) AAA from S&P, (ii) Aaa from Moody's, (iii) AAA from Fitch or (iv) 1 by the NAIC Securities Valuation Office.	90%

<u>U.S. Government Securities:</u> Securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof).	With maturities of (x) two years or less from the date of determination, 95%, (y) more than two years and ten years or less from the date of determination, 90% and (z) more than ten years from the date of determination, 85%
<u>Investment Grade Municipal Bonds Level I:</u> Municipal bonds maturing within eleven years from the date of determination rated at least (i) AAA from S&P, (ii) Aaa from Moody's or (iii) AAA from Fitch.	90%
<u>Investment Grade Municipal Bonds Level II:</u> Municipal bonds maturing within eleven years from the date of determination rated (a) at least (i) A- from S&P, (ii) A3 from Moody's or (iii) A- from Fitch.	85%
<u>Investment Grade Nonconvertible Corporate Bonds Level I:</u> Nonconvertible corporate bonds denominated in Dollars or Alternative Currencies which are traded publicly maturing within eleven years from the date of determination rated (a) at least (i) AA- from S&P, (ii) Aa3 from Moody's or (iii) AA- from Fitch, or (b) in the case of corporate bonds rated solely by DBRS, at least AA low from DBRS.	With maturities of (x) two years or less from the date of determination, 90% and (y) more than two years and eleven years or less from the date of determination, 85%
<u>Investment Grade Nonconvertible Corporate Bonds Level II:</u> Nonconvertible corporate bonds denominated in Dollars or Alternative Currencies which are traded publicly, maturing within eleven years from the date of determination rated (a) at least (i) BBB from S&P, (ii) Baa2 from Moody's or (iii) BBB from Fitch, or (b) in the case of corporate bonds rated solely by DBRS, at least BBB from DBRS.	80%
<u>Commercial Paper:</u> Commercial paper issued by any entity organized in the United States and denominated in Dollars and maturing not more than one year after the date of determination rated at least (i) A-1 or the equivalent thereof by S&P, (ii) P-1 or the equivalent thereof by Moody's or (iii) F-1 or the equivalent thereof by Fitch.	90%

Agency Securities: (i) Single-class mortgage participation certificates in book-entry form and denominated in Dollars backed by single-family residential mortgage loans, the full and timely payment of interest at the applicable certificate rate and the ultimate collection of principal of which are guaranteed by the Federal Home Loan Mortgage Corporation (excluding REMIC or other multi-class pass-through certificates, collateralized mortgage obligations, pass-through certificates backed by adjustable rate mortgages, securities paying interest or principal only and similar derivative securities); (ii) single-class mortgage pass-through certificates in book-entry form and denominated in Dollars backed by single-family residential mortgage loans, the full and timely payment of interest at the applicable certificate rate and ultimate collection of principal of which are guaranteed by the Federal National Mortgage Association (excluding REMIC or other multi-class pass-through certificates, pass-through certificates backed by adjustable rate mortgages, collateralized mortgage obligations, securities paying interest or principal only and similar derivative securities); and (iii) single-class fully modified pass-through certificates in book-entry form and denominated in Dollars backed by single-family residential mortgage loans, the full and timely payment of principal and interest of which is guaranteed by the Government National Mortgage Association (excluding REMIC or other multi-class pass-through certificates, collateralized mortgage obligations, pass-through certificates backed by adjustable rate mortgages, securities paying interest or principal only and similar derivatives securities), in each case rated at least (i) AA- by S&P, (ii) Aa3 by Moody's or (iii) AA- by Fitch.	With a weighted average life from the date of determination of (x) two years or less from the date of determination, 95%, (y) more than two years and ten years or less from the date of determination, 90% and (z) more than ten years from the date of determination, 85%
Asset-Backed Securities: Asset-backed securities denominated in Dollars rated at least (i) AAA by S&P, (ii) Aaa by Moody's or (iii) AAA by Fitch; <u>provided</u> that (x) such securities are backed by credit card receivables, automobile loans, senior secured term loans in the case of collateralized loan obligations managed by a recognized US-domiciled CLO Manager ("Corporate Loans"), commercial mortgages or utility charges (as in rate reduction bonds) and have a weighted average life from the date of determination of 10 years or less and (y) asset-backed securities will not constitute Eligible Securities if they are certificated securities that cannot be paid or delivered by book entry (and all asset-backed securities issued by an issuer incorporated in the United States of America must be capable of settlement through DTC).	85%
Supranational Securities: Securities issued or backed by the International Bank for Reconstruction & Development, European Bank for Reconstruction & Development, Inter American Development Bank, International Monetary Fund, European Investment Bank, Asian Development Bank, African Development Bank and Nordic Development Bank as long as the credit ratings are at or above (i) AAA by S&P, (ii) Aaa by Moody's or (iii) AAA by Fitch.	With maturities of (x) two years or less from the date of determination, 95 %, (y) more than two years and ten years or less from the date of determination, 90% and (z) more than ten years from the date of determination, 80%
OECD Government Securities: Securities issued or backed by the Government of any member of the Organization for Economic Cooperation and Development which has the credit ratings of at least (i) AA- by S&P, (ii) Aa3 by Moody's or (iii) AA- by Fitch.	With maturities of (x) two years or less from the date of determination, 95%, (y) more than two years and ten years or less from the date of determination, 90% and (z) more than ten years from the date of determination, 80%
Other Securities: All other cash, investments, obligations or securities	0%

Notwithstanding the foregoing, (A) the value of Eligible Securities at any time shall be determined based on the Borrowing Base Certificate then most recently delivered, (B) if any single corporate issuer (or any Affiliate thereof) represents more than 10% of the aggregate market value of all Cash and Eligible Securities comprising the aggregate amount of all Borrowing Bases, the excess over 10% shall be excluded (with such exclusion being allocated in equal parts to each Borrowing Base at such time), (C) the weighted average rating of all Agency Securities (as described above) constituting Eligible Securities shall at all times be at least (x) AA+ from S&P, (y) Aa1 from Moody's or (z) AA+ by Fitch, (D) if Investment Grade Nonconvertible Corporate Bonds with a rating lower than (x)(i) A- from S&P, (ii) A3 from Moody's, or (iii) A- from Fitch or (y) in the case of corporate bonds rated solely by DBRS, A low from DBRS represent more than 25% of the aggregate market value of all Cash and Eligible Securities comprising the aggregate amount of all Borrowing Bases, the excess over 25% shall be excluded (with such exclusion being allocated in equal parts to each Borrowing Base at such time), (E) if Asset-Backed Securities (as described above) (including CMBS and Corporate Loans) represent more than 20% of the aggregate market value of all Cash and Eligible Securities comprising the aggregate amount of all Borrowing Bases, the excess over 20% shall be excluded (with such exclusion being allocated in equal parts to each Borrowing Base at such time), (F) if Asset-Backed Securities constituting CMBS represent more than 10% of the aggregate market value of all Cash and Eligible Securities comprising the aggregate amount of all Borrowing Bases, the excess over 10% shall be excluded (with such exclusion being allocated in equal parts to each Borrowing Base at such time), (G) if Asset-Backed Securities constituting Corporate Loans represent more than 10% of the aggregate market value of all Cash and Eligible Securities comprising the aggregate amount of all Borrowing Bases, the excess over 10% shall

be excluded (with such exclusion being allocated in equal parts to each Borrowing Base at such time), (H) if OECD Government Securities (as described above) represent more than 20% of the aggregate market value of all Cash and Eligible Securities comprising the aggregate amount of all Borrowing Bases, the excess over 20% shall be excluded (with such exclusion being allocated in equal parts to each Borrowing Base at such time), (I) if Supranational Securities (as described above) represent more than 20% of the aggregate market value of all Cash and Eligible Securities comprising the aggregate amount of all Borrowing Bases, the excess over 20% shall be excluded (with such exclusion being allocated in equal parts to each Borrowing Base at such time) and (J) any Eligible Securities issued by Bank of America or any other Lender, [or any of their respective Affiliates](#), shall be excluded. With respect to any Eligible Securities denominated in a currency other than Dollars, the Dollar equivalent thereof (using a method agreed upon by the Parent Borrower and the Administrative Agent) shall be used for purposes of determining the value of such Eligible Securities.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Commitments" means the Tranche A Commitments and the Tranche B Commitments of all Lenders.

"Agreement" has the meaning specified in the introductory paragraph hereto.

"AGRL" means Arch Group Reinsurance Ltd., an exempted company limited by shares incorporated under the laws of Bermuda.

"AGRL Ratings Requirement" has the meaning specified in [Section 2.01\(a\)](#).

"AGRL Sublimit" has the meaning specified in [Section 2.01\(a\)](#).

"Alternative Currency" means, (a) with respect to Letters of Credit, each of Canadian Dollars, Euro, Sterling, Yen, Australian Dollars, and each other currency (other than Dollars) that is approved in accordance with [Section 1.06](#), and (b) with respect to Revolving Loans, each of Euro and Sterling and each other currency (other than Dollars) that is approved in accordance with [Section 1.06](#)

"Alternative Currency Daily Rate" means, for any day, with respect to any loan denominated in Sterling, the rate per annum equal to SONIA determined pursuant to the definition thereof plus the SONIA Adjustment; provided, that if any Alternative Currency Daily Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. Any change in an Alternative Currency Daily Rate shall be effective from and including the date of such change without further notice.

"Alternative Currency Daily Rate Loan" means a loan that bears interest at a rate based on the definition of "Alternative Currency Daily Rate". All Alternative Currency Daily Rate Loans must be denominated in Sterling.

"Alternative Currency Equivalent" means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent or a Fronting Bank, as the case may be, at such time on

the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with Dollars.

“Alternative Currency Loan” means an Alternative Currency Daily Rate Loan or an Alternative Currency Term Rate Loan, as applicable.

“Alternative Currency Rate” means the Alternative Currency Daily Rate or the Alternative Currency Term Rate, as applicable.

“Alternative Currency Scheduled Unavailability Date” has the meaning specified in Section 3.03(c).

“Alternative Currency Successor Rate” has the meaning specified in Section 3.03(c).

“Alternative Currency Term Rate” means, for any Interest Period, with respect to any Alternative Currency Term Rate Loan denominated in Euros, the rate per annum equal to the Euro Interbank Offered Rate (“EURIBOR”), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two (2) TARGET Days preceding the first day of such Interest Period with a term equivalent to such Interest Period; provided, that, if any Alternative Currency Term Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Alternative Currency Term Rate Loan” means a loan that bears interest at a rate based on the definition of “Alternative Currency Term Rate.” All Alternative Currency Term Rate Loans must be denominated Euros.

“A.M. Best” means A.M. Best Company, Inc.

“Applicable Authority” means, with respect to any Alternative Currency, the applicable administrator for the Relevant Rate for such Alternative Currency or any governmental authority having jurisdiction over the Administrative Agent or such administrator.

“Applicable Insurance Regulatory Authority” means, when used with respect to any Regulated Insurance Company, (x) the insurance department or similar administrative authority or agency located in each state or jurisdiction (foreign or domestic) in which such Regulated Insurance Company is domiciled or (y) to the extent asserting regulatory jurisdiction over such Regulated Insurance Company, the insurance department, authority or agency in each state or jurisdiction (foreign or domestic) in which such Regulated Insurance Company is licensed, and shall include any Federal or national insurance regulatory department, authority or agency that may be created and that asserts regulatory jurisdiction over such Regulated Insurance Company.

“Applicable Issuing Party” means (a) in the case of any Fronted Letter of Credit, the Fronting Bank who issued such Fronted Letter of Credit and (b) in the case of any Several Letter of Credit, the L/C Administrator, as agent of the applicable Lenders, shown as “Letter of Credit Agent” or “Agent” on such Several Letter of Credit.

“Applicable Percentage” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of (i) the Aggregate Commitments, Tranche A Commitments or Tranche B Commitments, as applicable, represented by such Lender’s relevant Commitment at such time, subject to adjustment as provided in Section 2.16 and (ii) the principal amount of such Term Lender’s Term Loans at such time, as applicable. If the commitment of each Lender to make Revolving Loans and issue Several Letters of Credit and the obligation of the Fronting Banks to issue Fronted Letters of Credit have been terminated pursuant to Section

8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable. The Applicable Percentage “of” a particular amount may also refer to the value obtained by multiplying the Applicable Percentage times such amount. All funding, payment and applications of Collateral shall be based on such Lender’s Tranche A Commitment, Tranche B Commitment or the principal amount of such Lender’s Term Loans at such time, as the case may be.

“Applicable Rate” means, from time to time, the following percentages per annum and, in the case of the Tranche B Commitments and Credit Extensions and the Term Loans, based upon the Debt Rating as set forth below:

Applicable Rate for Tranche A Commitments and Credit Extensions

Letter of Credit Fee	0.40%
Commitment Fee	0.125%

Applicable Rate for Tranche B Commitments and Credit Extensions and the Term Loans:

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Debt Rating	Pricing Level 1: ≥ A+/A1	Pricing Level 2: A/A2	Pricing Level 3: A-/A3	Pricing Level 4: BBB+/Baa1	Pricing Level 5: ≤ BBB/Baa2
Applicable Margin for Term SOFR Loans and Alternative Currency Loans	0.875%	1.000%	1.125%	1.250%	1.500%
Applicable Margin for Base Rate Loans	0.00%	0.00%	0.125%	0.250%	0.500%
Letter of Credit Fee	0.750%	0.875%	1.000%	1.125%	1.375%
Commitment Fee	0.075%	0.100%	0.125%	0.150%	0.200%

“**Debt Rating**” means, as of any date of determination, (i) in the case of S&P, the issuer credit rating of the Parent Borrower and (ii) in the case of Moody’s, the Parent Borrower’s non-credit-enhanced, senior unsecured long-term debt; provided that (a) if the respective Debt Ratings issued by the foregoing rating agencies differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level 1 being the highest and the Debt Rating for Pricing Level 5 being the lowest); (b) if there is a split in Debt Ratings of more than one level, then the Pricing Level that is one level lower than the Pricing Level of the higher Debt Rating shall apply; (c) if the Parent Borrower has only one Debt Rating, the Pricing Level of such Debt Rating shall apply; and (d) if the Parent Borrower does not have any Debt Rating, Pricing Level 5 shall apply.

Initially, the Applicable Rate shall be determined based upon the Debt Rating specified in the certificate delivered pursuant to Section 4.01(a)(v). Thereafter, each change in the Applicable Rate resulting from a publicly announced change in the Debt Rating shall be

effective, in the case of an upgrade, during the period commencing on the date of delivery by the Parent Borrower to the Administrative Agent of notice thereof pursuant to Section 6.01(e) and ending on the date immediately preceding the effective date of the next such change and, in the case of a downgrade, during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change.

“**Applicable Time**” means, with respect to any borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent or a Fronting Bank, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“**Applicant Borrower**” has the meaning specified in Section 2.13(a).

“**Approved Fund**” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**ARC**” means Arch Reinsurance Company, a corporation organized under the laws of Delaware.

“**Arch Europe**” means Arch Insurance (UK) Limited, a private company limited by shares incorporated under the laws of England and Wales.

“**Arch Finance Guaranty**” means that certain Subsidiary Guaranty guaranteeing the Obligations of the Parent Borrower and ACUS hereunder, dated as of December 8, 2016, by and between the Specified Subsidiary and the Administrative Agent, as amended from time to time, a copy of which is attached hereto as Exhibit M.

“**AREUL**” means Arch Reinsurance Europe Underwriting Designated Activity Company, a designated activity company organized under the laws of Ireland.

“**ARL**” means Arch Reinsurance Ltd., an exempted company limited by shares incorporated under the laws of Bermuda.

“**Arranger**” means BofA Securities, Inc. (or any of its designated Affiliates), in its capacity as sole lead arranger and sole bookrunner.

“**Article 55 BRRD**” means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

“**Assignment and Assumption**” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit D-1 or any

other form approved by the Administrative Agent.

"Audited Financial Statements" means the audited consolidated balance sheet of the Parent Borrower and its Subsidiaries for the fiscal year ended December 31, 2022, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year of the Parent Borrower and its Subsidiaries, including the notes thereto.

"Australian Dollar" means lawful money of Australia.

"Availability Period" means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to [Section 2.05](#), (c) the date of termination of the commitment of each Lender to make Revolving Loans and of the obligation of the L/C Issuers to make L/C Credit Extensions pursuant to [Section 8.02](#), (d) with respect to the Tranche A Commitment, the date of termination of the Tranche A Commitments pursuant to [Section 2.05](#), and (e) with respect to the Tranche B Commitment, the date of termination of the Tranche B Commitments pursuant to [Section 2.05](#).

"Bank of America" means Bank of America, N.A. and its successors.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Base Rate" means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus one-half of one percent (0.50%), (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," (c) Term SOFR (determined in accordance with clause (b) of the definition thereof) in effect for such day (or if such day is not a U.S. Government Securities Business Day, the immediately preceding U.S. Government Securities Business Day) plus one percent (1.00%) and (d) one percent (1.00%). The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to [Section 3.03](#) hereof, then the Base Rate shall be the greater of clauses (a), (b) and (d) above and shall be determined without reference to clause (c) above.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate. All Base Rate Loans shall be denominated in Dollars.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Bermuda Companies Law" means the Companies Act 1981 of Bermuda (as amended) and other relevant Bermuda law.

"Bermuda Insurance Act" means the Insurance Act 1978 of Bermuda (as amended).

"Borrower" means each of the Parent Borrower and each Designated Subsidiary Borrower.

"Borrower Materials" has the meaning specified in [Section 6.01](#).

"Borrowing" means a borrowing consisting of simultaneous Loans of the same Type and, in the case of Term SOFR Loans or Alternative Currency Term Rate Loans, having the same Interest Period made by each of the Tranche B Lenders pursuant to [Section 2.01\(b\)](#).

"Borrowing Base" means, at any time, and in respect of each Tranche A Designated Subsidiary Borrower, the aggregate amount of Cash and Eligible Securities held in the Collateral Accounts applicable to such Tranche A Designated Subsidiary Borrower under the Security Agreement at such time multiplied in each case by the respective Advance Rates for Cash and such Eligible Securities; provided that all Cash and Eligible Securities in respect of any Borrowing Base shall be included in such Borrowing Base only to the extent same are subject to a first priority perfected security interest in favor of the Administrative Agent, for the benefit of the Administrative Agent, the Fronting Banks with respect to Tranche A Fronted Letters of Credit and the Tranche A Lenders, pursuant to the Security Documents.

"Borrowing Base Certificate" means a certificate substantially in the form of Exhibit G with such changes therein as the Administrative Agent may reasonably request from time to time.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office with respect to Obligations denominated in Dollars is located; provided that:

- (a) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Alternative Currency Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan, means a Business Day that is also a TARGET Day;
- (b) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Sterling, means a day other than a day banks are closed for general business in London because such day is a Saturday, Sunday or a legal holiday under the laws of the United Kingdom; and
- (c) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Dollars, Euro or Sterling in respect of an Alternative Currency Loan or Letter of Credit denominated in a currency other than Dollars, Euro or Sterling, or any other dealings in any currency other than Dollars, Euro or Sterling to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan or Letter of Credit (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

"Canadian Dollar" and **"C\$"** mean lawful money of Canada.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or

personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash" means Dollars and any overnight or other investment money market funds of the Financial Institution (or an Affiliate of such Financial Institution) at which a Collateral Account is held.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, the applicable Fronting Banks and the applicable Lenders, as collateral for L/C Obligations or obligations of the Fronting Banks or Lenders to fund or fund participations in respect of Letters of Credit, cash or deposit account balances or, if the applicable Fronting Bank shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to (a) the Administrative Agent and (b) the applicable Fronting Bank. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalents" means, as to any Person, (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition, (ii) time deposits and certificates of deposit, denominated in Dollars, of any commercial bank having, or which is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any State thereof, the District of Columbia or any foreign jurisdiction having, capital, surplus and undivided profits aggregating in excess of \$200,000,000, with maturities of not more than one year from the date of acquisition by such Person, (iii) commercial paper denominated in Dollars rated at least (x) A-1 or the equivalent thereof by S&P, (y) P-1 or the equivalent thereof by Moody's or (z) F-1 or the equivalent thereof by Fitch, and in each case maturing not more than one year after the date of acquisition by such Person, and (iv) investments in money market funds substantially all of whose assets are comprised of securities of the types described in clauses (i) through (iii) above.

"Change in Control" means (a) any Person or group of Persons (as used in Sections 13 and 14 of the Securities Exchange Act of 1934 and the rules and regulations thereunder) shall have become the beneficial owner (as defined in rules promulgated by the SEC) of more than 50% of the voting securities of the Parent Borrower or (b) the Parent Borrower shall cease to own, directly or indirectly, 100% of the Equity Interests of any Designated Subsidiary Borrower (other than directors' or similar nominal shares).

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted, issued or implemented.

"Closing Date" means the first date on which all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

"CME" means CME Group Benchmark Administration Limited.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means, with respect to any Borrower, all property and assets with respect to which a security interest is purported to be granted in favor of the Administrative Agent pursuant to a Security Agreement executed by such Borrower.

"Collateral Account" means, with respect to any Borrower, any deposit account or securities account at a Financial Institution as to which such Financial Institution, such Borrower and the Administrative Agent have entered into a Control Agreement.

"Commitment" means, as to each Lender, its Tranche A Commitment and its Tranche B Commitment.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

"Confirmation Agreement" means that certain Confirmation executed by each applicable Guarantor, substantially in the form of Exhibit J.

"Conforming Changes" means, with respect to the use, administration of or any conventions associated with SOFR, SONIA, EURIBOR or any proposed Successor Rate or Alternative Currency Successor Rate or Term SOFR, as applicable, any conforming changes to the definitions of Base Rate, SOFR, Term SOFR, SONIA, EURIBOR and Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definitions of Business Day and U.S. Government Securities Business Day, timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such applicable rate(s), and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement and any other Credit Document).

"Consolidated Indebtedness" means, as of any date of determination, (i) all Indebtedness of the Parent Borrower and its Subsidiaries which at such time would appear on the liability side of a balance sheet of such Persons prepared on a consolidated basis in accordance with GAAP (excluding Indebtedness described in clauses (m) and (n) of the definition of "Permitted Subsidiary Indebtedness") plus without duplication (ii) any Indebtedness for borrowed money of any other Person (other than the Parent Borrower or any of its Subsidiaries) as to which the Parent Borrower and/or any of its Subsidiaries has created a Guarantee (but only to the extent of such Guarantee). For the avoidance of doubt, "Consolidated Indebtedness" shall not include any Guarantees of any Person under or in connection with letters of credit or similar facilities so long as no unreimbursed drawings or payments have been made in respect thereof.

"Consolidated Net Worth" means, (i) for each of the Parent Borrower and ARL, as of any date of determination, the amount set forth on the most recently available consolidated balance sheet of such Person as "Total shareholders' equity available to Arch", determined on a

consolidated basis in accordance with GAAP (excluding the effects of Financial Accounting Statement No. 115) and (ii) for ARC as of any date of determination, the sum of the capital stock (including Preferred Securities), capital in excess of par or stated value of shares of capital stock

(including Preferred Securities), retained earnings and any other account which, in accordance with GAAP, constitutes stockholders equity, of ARC and its Subsidiaries as set forth on the most recently available consolidated balance sheet of ARC, determined on a consolidated basis in accordance with GAAP, after appropriate deduction for any minority interests in Subsidiaries and excluding the effects of Financial Accounting Statement No. 115.

"Consolidated Tangible Net Worth" means, for any Person, as of the date of any determination, Consolidated Net Worth of such Person and its Subsidiaries on such date less the amount of all intangible items included therein, including, without limitation, goodwill, franchises, licenses, patents, trademarks, trade names, copyrights, service marks, brand names and write-ups of assets.

"Consolidated Total Capital" means, as of any date of determination, the sum of (i) Consolidated Indebtedness and (ii) Consolidated Net Worth of the Parent Borrower at such time.

"Control" means the possession, directly or indirectly, of the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of a corporation or (ii) to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **"Controlling"** and **"Controlled"** have meanings correlative thereto.

"Control Agreement" means, with respect to any deposit account or securities account of any Borrower, an agreement (or in the case of AREUL, other such document satisfactory to the Administrative Agent) among such Borrower, the applicable Financial Institution and the Administrative Agent with respect to such deposit account or securities account in which a security interest is purported to be granted to the Administrative Agent, including that certain Second Amended and Restated Account Control Agreement, dated on or about the date hereof, by and among BNY Mellon, as custodian, the Administrative Agent, ARC, ARL, Arch Europe, AGRL and AREUL.

"Covered Entity" has the meaning specified in [Section 10.24\(b\)](#).

"Credit Documents" means this Agreement, each Note, each Issuer Document, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of [Section 2.15](#), the Security Documents, the Fee Letter, the Parent Guaranty, the ACUS Guaranty, the Arch Finance Guaranty, the Subsidiary Guaranty, each Designated Subsidiary Borrower Request and Assumption Agreement, the Confirmation Agreement and any other agreement, instrument or document executed by a Borrower and designated by its terms as a Credit Document.

"Credit Extension" means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Credit Protection Agreement" means any over-the-counter arrangement designed to transfer credit risk from one party to another, including credit default swaps (including, without limitation, single name, basket and first-to-default swaps), total return swaps and credit-linked notes.

"Daily Simple SOFR" with respect to any applicable determination date means the SOFR published on the fifth U.S. Government Securities Business Day preceding such date on the Federal Reserve Bank of New York's website (or any successor source); provided, however, that

if such determination date is not a U.S. Government Securities Business Day, then Daily Simple SOFR means such rate that applied on the first U.S. Government Securities Business Day immediately prior thereto.

"DBRS" means DBRS Limited.

"Debt Rating" has the meaning specified in the definition of "Applicable Rate."

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States, and in the case of Bermuda, Part XIII of Bermuda Companies Law and the Companies (Winding-Up) Rules 1982 (as amended) or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, however, that with respect to a Term SOFR Loan or Alternative Currency Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Rate plus 2% per annum.

"Defaulting Lender" means, subject to [Section 2.16\(b\)](#), any Lender that (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans or participations in respect of Letters of Credit, within three Business Days of the date required to be funded by it hereunder, unless such failure is the result of a good faith dispute, (b) has notified the Parent Borrower, the Administrative Agent, a Fronting Bank or an L/C Administrator that it does not intend to comply with its funding obligations or has made a public statement to that effect, (c) has failed, within three Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations ([provided](#) that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Parent Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; [provided](#) that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to [Section 2.16\(b\)](#)) upon delivery of written notice of such determination to the Parent Borrower, the Fronting Banks, the L/C Administrator and each Lender.

"Designated Jurisdiction" means any country, region or territory to the extent that such country, region or territory itself is the subject of any Sanction.

"Designated Subsidiary Borrower" means (i) each Tranche A Designated Subsidiary Borrower and (ii) each Tranche B Designated Subsidiary Borrower.

"Designated Subsidiary Borrower Notice" has the meaning specified in [Section 2.13\(a\)](#).

"Designated Subsidiary Borrower Request and Assumption Agreement" has the meaning specified in [Section 2.13\(a\)](#).

"Dispositions" has the meaning specified in [Section 7.02\(b\)](#).

"Dividends" has the meaning specified in [Section 7.06](#).

"Dollar" and **"\$"** mean lawful money of the United States.

"Dollar Equivalent" means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or a Fronting Bank, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in [clause \(a\)](#) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in [clause \(a\)](#) or [\(b\)](#) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union from time to time, Iceland, Liechtenstein, Norway and any other country that the Lenders (acting reasonably) consider to be an EEA Member Country.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Time" has the meaning specified in [Section 1.10\(a\)](#).

"Eligible Assignee" means any of (a) a Lender, (b) an Affiliate of a Lender or (c) a financial institution having a senior unsecured debt rating of not less than "A," or its equivalent, by S&P and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent and the Fronting Banks and (ii) unless an Event of Default has occurred and is continuing, the Parent Borrower (with each such approval not to be unreasonably withheld or delayed); [provided, however](#), that in all cases such assignee must be a NAIC Approved Bank unless the Parent Borrower and each Fronting Bank have agreed that such assignee which is not a NAIC Approved Bank may become a Participating Bank.

"Eligible Securities" has the meaning specified in the definition of "Advance Rates."

"EMU Legislation" means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

"Environmental Law" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Parent Borrower or any Subsidiary directly or indirectly resulting from or based upon violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, with respect to any Person, shares of capital stock or issued shares of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock or shares (of whatever class) in its capital of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock or shares (of whatever class) in its capital of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination; provided, however, that in no event shall Indebtedness that is convertible into or exchangeable for shares be considered Equity Interests.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any corporation or trade or business which is a member of the same controlled group of corporations (within the meaning of Sections 414(b) and (c) of the Code, and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code) as the Parent Borrower or any of its Subsidiaries.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"EURIBOR" has the meaning specified in the definition of "Alternative Currency Term Rate".

"Euro" and **"EUR"** mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

"Event of Default" has the meaning specified in Section 8.01.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) and (ii) Taxes that are Other Connection Taxes, (b) in the case of a Lender, any U.S. federal withholding Tax imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a

Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Parent Borrower under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01 (a)(ii), (a)(iii) or (c), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquires the applicable interest in the Loan or Commitment or to such Lender immediately before it changed its Lending Office, (c) in the case of any payment under the Fee Letter, any U.S. federal withholding Tax imposed pursuant to a law in effect on the Closing Date, (d) Taxes attributable to such Recipient's failure to comply with Section 3.01(e), and (e) any Taxes imposed pursuant to FATCA.

"Existing Credit Agreement" has the meaning specified in the preamble hereto.

"Existing Lender" has the meaning specified in Section 1.10(b).

"Existing Letters of Credit" means the Letters of Credit outstanding under the Existing Credit Agreement on the Closing Date as shown on Schedule 1.01(a).

"Existing Loan" has the meaning specified in Section 1.10(b).

"Existing Several Letters of Credit" has the meaning specified in Section 1.11.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471 (b) (1) of the Code, and any intergovernmental agreements, treaties or conventions (or any legislation, regulations, rules or official administrative practices) implementing any of the foregoing.

"FCPA" means the U.S. Foreign Corrupt Practices Act of 1977.

"Federal Funds Rate" means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Fee Letter" means the letter agreement, dated July 18, 2023, among the Borrowers, Bank of America and the Arranger.

"Financial Institution" means the Securities Intermediary or Account Bank, as applicable, with respect to any Collateral Account.

"Financial Officer" of any Loan Party means the chief financial officer, principal accounting officer, treasurer, controller or assistant controller (or a person serving in an equivalent role) of such Loan Party. Any document delivered hereunder that is signed by a Financial Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Financial Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Financial Strength Rating" means with respect to any Regulated Insurance Company, the financial strength rating of such Regulated Insurance Company as determined by A.M. Best or S&P.

"Fitch" means Fitch Ratings Inc., and any successor thereto.

"Foreign Lender" means, as to any Borrower, (a) if such Borrower is a U.S. Person, any Lender, L/C Issuer or Fronting Bank that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, any Lender, L/C Issuer or Fronting Bank that is organized under the Laws of a jurisdiction other than that in which such Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Obligor" means each Loan Party that is not organized under the laws of the United States or a state thereof.

"Foreign Pension Plan" means any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by the Parent Borrower or any one or more of its Subsidiaries primarily for the benefit of employees of the Parent Borrower or such Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income and which plan is not subject to ERISA or the Code.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"FRBNY" means the Federal Reserve Bank of New York, or any other Governmental Authority that is a successor or supplemental lender under TALF.

"Fronted Letter of Credit" means a Letter of Credit issued by a Fronting Bank in which the Lenders purchase a risk participation pursuant to Section 2.03.

"Fronted Letter of Credit Sublimit" means \$200,000,000 (as may be increased from time to time with the consent of the Administrative Agent).

"Fronting Bank" means (a) in the case of Fronted Letters of Credit (i) issued in an Alternative Currency, Bank of America and (ii) issued in Dollars, Bank of America and any other Lender that, with the written consent of the Parent Borrower and Bank of America, is a fronting bank;

provided that such Lender has agreed to be a Fronting Bank and (b) in the case of Several Letters of Credit, any Person described in clause (a) who has agreed to act as fronting bank on behalf of any Participating Bank.

"Fronting Exposure" means, at any time there is a Defaulting Lender, with respect to each Fronting Bank, (i) such Defaulting Lender's Applicable Percentage of the outstanding L/C Obligations with respect to Fronted Letters of Credit of such Fronting Bank other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof and (ii) if such Defaulting Lender is a Participating Bank, such Defaulting Lender's Applicable Percentage of the outstanding L/C Obligations with respect to Several Letters of Credit as to which such Fronting Bank has fronted for such Defaulting Lender as a Participating Bank.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"GAAP" means accounting principles generally accepted in the United States set forth in the Financial Accounting Standards Board Codification or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied. For purposes of Arch Europe and AREUL, this shall mean the accounting principles in the United Kingdom or Ireland, respectively, which are required to be applied by Arch Europe and AREUL to their respective financial statements and accounts by the Applicable Insurance Regulatory Authority and/or Governmental Authority, consistently applied.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Greysbridge" means Greysbridge Holdings Ltd., an exempted company limited by shares incorporated under the laws of Bermuda.

"Greysbridge Control Transaction" means any transaction or series of related transactions pursuant to which the Parent Borrower acquires, directly or indirectly, 50% or more of the voting securities of Greysbridge from existing holders of such voting securities pursuant to put options entered into in connection with the Greysbridge equity financing.

"Greysbridge Sell-Down Transaction" means any transaction or series of related transactions pursuant to which the Parent Borrower ceases to own, directly or indirectly, 50% or more of the voting securities of Greysbridge.

"Guarantee" of or by any Person (the "guarantor") means any obligation guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof; provided, however, that the term Guarantee shall not include (x) endorsements of instruments for deposit or collection in the ordinary course of business or (y) obligations of any Regulated Insurance Company under Insurance Contracts, Reinsurance Agreements or Retrocession Agreements. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreements" means any equity short sales, any foreign exchange contracts, currency swap agreements, commodity price hedging arrangements or other similar arrangements, or arrangements designed to protect against fluctuations in currency values.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such

Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services, (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, provided that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such property at such date of determination (determined in good faith by the Parent Borrower) and (B) the amount of such Indebtedness of such other person, (f) all Guarantees by such Person of Indebtedness of others, (g) all Capital Lease Obligations of such Person, (h) the net obligations of such Person under Interest Rate Protection Agreements, Hedging Agreements and Credit Protection Agreements and (i) all reimbursement obligations of such Person in respect of drawn letters of credit, letters of guaranty, bankers' acceptances and similar credit transactions.

The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. For the avoidance of doubt, Indebtedness shall not include (u) trade payables (including payables under insurance contracts and reinsurance payables) and accrued expenses in each case arising in the ordinary course of business, (v) obligations of Regulated Insurance Companies with respect to Policies, (w) obligations arising under deferred compensation plans of the Parent Borrower and its Subsidiaries in effect on the date hereof or which have been approved by the board of directors of the Parent Borrower, (x) obligations with respect to products underwritten by Regulated Insurance Companies in the ordinary course of business, including insurance policies, annuities, performance and surety bonds and any related contingent obligations (y) reinsurance agreements entered into by any Regulated Insurance Company in the ordinary course of business and (z) Preferred Securities.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Credit Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitees" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Insignificant Subsidiary" means any Subsidiary, other than any Designated Subsidiary Borrower or any party to the Subsidiary Guaranty, which has assets, earnings or revenues which, if aggregated with the assets, earnings or revenues, as the case may be, of all other Subsidiaries of the Parent Borrower with respect to which an event described under Section 8.01(e) has occurred and is continuing, would have assets, earnings or revenues, as the case may be, in an amount less than 10% of the consolidated assets, earnings or revenues, as the case may be, of the Parent Borrower and its Subsidiaries as of the end of the most recent fiscal quarter of the Parent Borrower for which financial statements are available.

"Insurance Business" means one or more aspects of the business of selling, issuing or underwriting insurance or reinsurance.

"Insurance Contract" means any insurance contract or policy issued by a Regulated Insurance Company but shall not include any Reinsurance Agreement or Retrocession Agreement.

"Insurance Licenses" means licenses (including licenses or certificates of authority from Applicable Insurance Regulatory Authorities), permits or authorizations to transact insurance and/or reinsurance business.

"Interest Payment Date" means, (a) as to any Loan other than a Base Rate Loan or an Alternative Currency Daily Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Term SOFR Loan or an Alternative Currency Term Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan or Alternative Currency Daily Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date.

"Interest Period" means (a) as to each Term SOFR Loan, the period commencing on the date such Term SOFR Loan is disbursed or converted to or continued as a Term SOFR Loan and ending on the date one or three months thereafter, as selected by a Borrower in its Loan Notice, or such other period that is twelve months or less requested by a Borrower and consented to by all the Lenders (in each case, subject to availability for the interest rate applicable to the relevant currency) or (b) as to each Alternative Currency Term Rate Loan, the period commencing on the date such Alternative Currency Term Rate Loan is disbursed or converted to or continued as an Alternative Currency Term Rate Loan and ending on the date one, three or six months thereafter (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by a Borrower in its Loan Notice, or such other period that is twelve months or less requested by such Borrower and consented to by all the Lenders; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

"Interest Rate Protection Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement, interest rate floor agreement, interest rate futures contract traded on a nationally or internationally recognized exchange (including, but not limited to, the Chicago Board of Trade, Chicago Mercantile Exchange, New York Mercantile Exchange, New York Futures Exchange and London International Financial Futures Exchange) or other similar agreement or arrangement.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance of such Letter of Credit).

"Issuer Documents" means, with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the Applicable Issuing Party and any Borrower in respect of such Letter of Credit.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Administrator" means with respect to Several Letters of Credit, Bank of America's Letter of Credit Operations located at One Fleet Way, Scranton, PA 18507, as letter of credit administrator for the Lenders, together with any replacement L/C Administrator arising under Section 10.06.

"L/C Advance" means, with respect to each Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or which has been refinanced as a Borrowing.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"L/C Issuer" means (a) with respect to any Fronted Letter of Credit, the Fronting Bank which has issued such Letter of Credit and (b) with respect to a Several Letter of Credit, each Lender other than a Participating Bank.

"L/C Obligations" means, at any time, the sum, without duplication, of (a) the Dollar Equivalent of the aggregate amount available to be drawn under all outstanding Letters of Credit, plus (b) the aggregate unpaid amount of all Unreimbursed Amounts, including L/C Borrowings, after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by a Borrower of Unreimbursed Amounts. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. For all purposes of this Agreement, if on any date of determination (i) a Letter of Credit that is subject to the rules of the ISP has expired by its terms, (ii) the Applicable Issuing Party shall be closed for the reasons set forth in Rule 3.14 of the ISP, and (iii) any amount may still be drawn under such Letter of Credit, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn for the period set forth in, and subject to the terms of, Rule 3.14 of the ISP as in effect from time to time. For purposes of determining the L/C Obligations held by any Lender, a Lender shall be deemed to hold an amount equal to the sum of (a) the aggregate amount of each Lender's direct obligation, in all outstanding Several Letters of Credit (or, if a Participating Bank, its risk participation in Several Letters of Credit), (b) its risk participation in all outstanding Fronted Letters of Credit, and (c) its L/C Advances. The L/C Obligation of any Borrower shall be the aggregate amount available to be drawn under all outstanding Letters of Credit issued for the account of such Borrower plus the aggregate of all Unreimbursed Amounts owed by such Borrower.

"Lender" has the meaning specified in the introductory paragraph hereto.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

"Letter of Credit" means any standby letter of credit issued hereunder and shall include the Existing Letters of Credit. Letters of Credit may be issued in Dollars or in an Alternative Currency and include all of the Tranche A Letters of Credit and the Tranche B Letters of Credit.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the Applicable Issuing Party.

"Letter of Credit Expiration Date" means the date that is the first anniversary after the Maturity Date.

"Letter of Credit Fee" has the meaning specified in Section 2.03(h).

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan" means a Term Loan or a Revolving Loan.

"Loan Notice" means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Term SOFR Loans or Alternative Currency Term Rate Loans, pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit A or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

"Loan Parties" means the Borrowers and, if the Subsidiary Guaranty is in effect, the Specified Subsidiary.

"Majority Loan Lenders" means, at any time, the Majority Tranche B Lenders and the Majority Term Lenders.

"Majority Term Lenders" means, at any time, Term Lenders whose Term Loans represent an amount greater than 50% of the Term Obligations on such date.

"Majority Tranche A Lenders" means, at any time, Tranche A Lenders whose Tranche A Commitments (or, after the Tranche A Commitments have terminated, the sum of such Tranche A Lenders' Applicable Percentages of the Tranche A L/C Obligations at such time) represent an amount greater than 50% of the aggregate Tranche A Commitments (or after termination thereof, the Tranche A L/C Obligations at such time).

"Majority Tranche B Lenders" means, at any time, Tranche B Lenders whose Tranche B Commitments (or, after the Tranche B Commitments have terminated, the sum of such Tranche B Lenders' Applicable Percentages of the Tranche B Obligations at such time) represent an amount greater than 50% of the aggregate Tranche B Commitment (or after termination thereof, the Tranche B Obligations at such time).

"Margin Stock" means "margin stock" within the meaning of Regulations T, U and X of the FRB.

"Material Adverse Effect" means (i) a material adverse effect on the business, operations, property or financial condition of the Parent Borrower and its Subsidiaries taken as a whole or (ii) a material adverse effect on (x) the rights and remedies of the Administrative Agent or the Lenders under the Credit Documents, (y) the ability of the Parent Borrower and its Subsidiaries taken as a whole, to perform their respective obligations under the Credit Documents to which such entities are a party or (z) the legality, validity or enforceability of any Credit Document.

"Maturity Date" means August 23, 2028; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

"Maximum Rate" has the meaning specified in Section 10.09.

"MI" means Arch U.S. MI Holdings Inc., a Delaware corporation.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Multiemployer Plan" means any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates, and each such plan for the five year period immediately following the latest date on which the Parent Borrower, such Subsidiary or such ERISA Affiliate contributed to or had an obligation to contribute to such plan, or any other such plan with respect to which Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates has any liability under Title IV of ERISA, contingent or otherwise.

"NAIC" means the National Association of Insurance Commissioners and any successor thereto.

"NAIC Approved Bank" means any bank listed on the most current list of banks approved by the Securities Valuation Office of the NAIC and acting through the branch so listed.

"Net Cash Proceeds" means, for any issuance of debt or equity, the gross cash proceeds (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received) received from such issuance, net of customary transaction costs (including, as applicable, any underwriting, brokerage or other customary commissions and legal, advisory and other fees and expenses associated therewith).

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all Lenders or all affected Lenders in accordance with the terms of [Section 10.01](#) and (ii) has been approved by the Required Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Note" means a promissory note made by a Borrower in favor of a Lender evidencing Loans made by such Lender, substantially in the form of [Exhibit B](#).

"Obligations" means all advances to, and debts, liabilities and obligations of any Borrower arising under any Credit Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any

Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Organization Documents" means, (a) with respect to any corporation or company, the certificate or articles of incorporation and the by-laws or bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment, participation or change in Lending Office (other than an assignment or change in Lending Office made pursuant to [Section 3.06](#)).

"Outstanding Amount" means (i) with respect to Loans on any date, the Dollar Equivalent of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by any Borrower of Unreimbursed Amounts.

"Overnight Rate" means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent or a Fronting Bank, as the case may be, in accordance with banking industry rules on

interbank compensation, and (b) with respect to any amount denominated in an Alternative Currency, the rate of interest per annum at which overnight deposits in the applicable Alternative Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of Bank of America in the applicable offshore interbank market for such currency to major banks in such interbank market; provided that if the Overnight Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

"Parent Borrower" has the meaning specified in the introductory paragraph hereto.

"Parent Borrower Leverage Ratio" means, at any time, the ratio of (i) Consolidated Indebtedness at such time to (ii) Consolidated Total Capital at such time.

"Parent Guaranty" means the guaranty executed by the Parent Borrower of the Obligations of ACUS and MI as Borrowers hereunder, a copy of which is attached as Exhibit L, as amended by that certain First Amendment to Guaranty, dated as of December 13, 2016, and as otherwise amended, restated, amended and restated, supplemented or otherwise modified from time to time with respect to Tranche B Designated Subsidiary Borrowers added after the Closing Date pursuant to Section 2.13.

"Participant" has the meaning specified in Section 10.06(d).

"Participant Register" has the meaning specified in Section 10.06(d).

"Participating Bank" means, from time to time, with respect to any Several Letter of Credit, a Lender that is unable to issue such Letter of Credit because (a) it is unable due to regulatory restrictions or other legal impediments based on its relationship to the beneficiary, (b) it is not, or has lost its status as, an NAIC Approved Bank (if such Letter of Credit must be issued by NAIC Approved Banks), or (c) it does not engage in transactions in the requested Alternative Currency.

"Participating Member State" means each state so described in any EMU Legislation.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted L/C Facilities" means (i) the Letter of Credit Facility Agreement, dated as of November 3, 2020 (as amended by that certain Amendment No. 1 dated as of October 29, 2021 and certain Amendment No. 2 and Joinder dated as of October 27, 2022, and as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time), between ARL and Lloyds Bank Corporate Markets plc, which provides for the issuance of letters of credit in an aggregate amount up to an amount set forth therein (which amount is \$400,000,000 as of the Closing Date) (and any replacements, renewals and extensions thereof and any successor facilities), (ii) a letter of credit facility agreement (or similar agreement in respect of indebtedness (including a credit agreement or loan agreement)) (as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time) to be entered into after the Closing Date between one or more Loan Parties and Lloyds Bank Corporate Markets plc or one or more of its Affiliates, which shall provide for the issuance of letters of credit in an aggregate amount not to exceed an amount set forth therein (which amount is expected to be \$175,000,000 as of the Closing Date) (and any replacements, renewals and extensions thereof and any successor facilities), and (iii) any Letter of Credit obtained by the Borrower or any of its Subsidiaries in the ordinary course of business and secured by cash and securities (other than Equity Interests of the Parent Borrower or any of its Subsidiaries or any Collateral).

"Permitted Subsidiary Indebtedness" means:

(a) Indebtedness of any Subsidiary of the Parent Borrower incurred pursuant to this Agreement or any other Credit Document;

(b) Indebtedness of any Subsidiary of the Parent Borrower existing on the date hereof and listed on Schedule 7.04 and refinancings by such Subsidiary thereof; provided that the aggregate principal amount of any such refinancing Indebtedness is not greater than the aggregate principal amount of the Indebtedness being refinanced plus the amount of any premiums paid thereon and fees and expenses associated therewith;

(c) Indebtedness of any Subsidiary of the Parent Borrower under any Interest Rate Protection Agreement or Hedging Agreement, in each case entered into in the ordinary course of business in managing such Subsidiary's investment portfolio;

(d) any Indebtedness owed by Subsidiaries of the Parent Borrower to the Parent Borrower or any of its Subsidiaries;

(e) Indebtedness in respect of purchase money obligations and Capital Lease Obligations of any Subsidiary of the Parent Borrower, and refinancings thereof; provided that the aggregate principal amount of all such purchase money obligations and Capital Lease Obligations outstanding under this clause (e) does not exceed \$25,000,000 at the time of incurrence of any new Indebtedness permitted by this clause (e);

(f) Indebtedness of any Subsidiary of the Parent Borrower in respect of letters of credit issued to reinsurance cedents, in connection with requirements of Lloyd's of London for syndicates owned by any Subsidiary of the Parent Borrower, or to lessors of real property in lieu of security deposits in connection with leases of any Subsidiary of the Parent Borrower, in each case in the ordinary course of business;

(g) Indebtedness of any Subsidiary of the Parent Borrower incurred in the ordinary course of business in connection with workers' compensation claims, self-insurance obligations, unemployment insurance or other forms of governmental insurance or benefits and pursuant to letters of credit or other security arrangements entered into in connection with such insurance or benefit;

(h) Acquired Indebtedness of Subsidiaries of the Parent Borrower;

(i) Indebtedness incurred under securities lending arrangements entered into in the ordinary course of business;

(j) Indebtedness incurred under Credit Protection Agreements entered into in the ordinary course of business;

(k) additional Indebtedness of Subsidiaries of the Parent Borrower not otherwise permitted under this definition or the other exceptions to Section 7.04; provided that the aggregate principal amount of Indebtedness outstanding under this clause (k) shall not exceed 15% of the Parent Borrower's Consolidated Net Worth at the time of incurrence of any new Indebtedness permitted by this clause (k);

(l) Indebtedness in the form of earn-out obligations;

(m) Indebtedness incurred under TALF in an amount not to exceed \$800 million at any one time outstanding;

(n) Indebtedness owing to Federal Home Loan Banks by Regulated Insurance Companies in an amount not to exceed \$600 million at any one time outstanding; and

(o) Indebtedness arising from Guarantees made by any Subsidiary of the Parent Borrower of Indebtedness of the type described in the other clauses of this definition.

"Person" means any natural person, corporation, exempted company, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "pension plan" as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) that is subject to Title IV of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) the Parent Borrower or any of its Subsidiaries or any of its ERISA Affiliates, and each such plan for the five year period immediately following the latest date on which the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates maintained, contributed to or had an obligation to contribute to such plan, or any such plan to which the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates has any liability under Title IV of ERISA, contingent or otherwise.

"Platform" has the meaning specified in Section 6.01.

"Policies" means all insurance policies, annuity contracts, guaranteed interest contracts and funding agreements (including riders to any such policies or contracts, certificates issued with respect to group life insurance or annuity contracts and any contracts issued in connection with retirement plans or arrangements) and assumption certificates issued or to be issued (or filed pending current review by applicable Governmental Authorities) by any Regulated Insurance Company and any coinsurance agreements entered into or to be entered into by any Regulated Insurance Company.

"Preferred Securities" means, at any time, any preferred capital stock or shares of such Person that has preferential rights with respect to dividends or redemptions or upon liquidation or dissolution of such Person over shares of common or capital stock, or issued shares, of any other class of such Person.

"Private Act" means separate legislation enacted in Bermuda with the intention that such legislation apply specifically to any Loan Party, in whole or in part.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public Lender" has the meaning specified in [Section 6.01](#).

"Recipient" means the Administrative Agent, any Lender, any Fronting Bank, any L/C Issuer or any other recipient of any payment to be made under the Fee Letter.

"Register" has the meaning specified in [Section 10.06\(c\)](#).

"Regulated Insurance Company" means any Subsidiary of the Parent Borrower, whether now owned or hereafter acquired, that is authorized or admitted to carry on or transact Insurance Business in any jurisdiction (foreign or domestic) and is regulated by any Applicable Insurance Regulatory Authority.

"Reimbursement Obligation" means the obligation of the applicable Borrower to reimburse the Applicable Issuing Party for any payment actually made by such Applicable Issuing Party under any Letter of Credit, together with interest thereon payable as provided herein.

"Reinsurance Agreement" means any agreement, contract, treaty, certificate or other arrangement whereby any Regulated Insurance Company agrees to transfer, cede or retrocede to another insurer or reinsurer all or part of the liability assumed or assets held by such Regulated Insurance Company under a policy or policies of insurance issued by such Regulated Insurance Company or under a reinsurance agreement assumed by such Regulated Insurance Company.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, consultants, service providers and representatives of such Person and of such Person's Affiliates.

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

"Relevant Rate" means, with respect to any Loan denominated in (a) Sterling, SONIA and (b) Euros, EURIBOR, as applicable.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Loans, a Loan Notice and (b) with respect to an L/C Credit Extension, a Letter of Credit Application.

"Required Lenders" means, as of any date of determination, Lenders having more than 50% of the sum of (i) the Total Outstandings (with the aggregate amount of each Lender's risk participation and funded participation in L/C Obligations being deemed "held" by such Lender for purposes of this definition) and (ii) the unused portion of the Aggregate Commitments; provided that the Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means, as to any Loan Party, the chief executive officer, any Financial Officer, the president, general counsel or any vice president of such Loan Party, and solely for purposes of the delivery of incumbency certificates pursuant to [Section 4.01](#), the secretary or any assistant secretary of such Loan Party and, solely for purposes of notices given pursuant to [Section 2.02](#) or [2.03](#), any other officer or employee of such Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Retrocession Agreement" means any agreement, contract, treaty or other arrangement whereby one or more insurers or reinsurers, as retrocessionaires, assume liabilities of reinsurers under a Reinsurance Agreement or other retrocessionaires under another Retrocession Agreement.

"Revaluation Date" means (a) with respect to any Revolving Loan, each of the following: (i) each date of a Borrowing of a Loan denominated in an Alternative Currency, (ii) each date of a continuation of an Alternative Currency Term Rate Loan pursuant to [Section 2.02](#), (iii) with respect to any Alternative Currency Daily Rate Loan, each Interest Payment Date, (iv) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require and (v) solely for the purposes of [Section 2.04\(d\)](#) or (g), such additional dates as the Parent

Borrower shall request; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (ii) each

date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof or extending the expiration thereof, (iii) each date of any payment by the Applicable Issuing Party under any Letter of Credit denominated in an Alternative Currency, (iv) such additional dates as the Administrative Agent, an L/C Administrator or a Fronting Bank shall determine or the Required Lenders shall require and (v) solely for the purposes of Section 2.04(d) or (g), such additional dates as the Parent Borrower shall request.

“Revolving Loans” has the meaning specified in Section 2.01(b).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. and any successor thereto.

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent or the Applicable Issuing Party, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Alternative Currency.

“Sanction(s)” means any sanction administered or enforced by the United States government (including without limitation, OFAC and the U.S. Department of State), the United Nations Security Council, the European Union, His Majesty’s Treasury or other relevant sanctions authority.

“SAP” means, with respect to any Regulated Insurance Company, the accounting procedures and practices prescribed or permitted by the Applicable Insurance Regulatory Authority of the state in which such Regulated Insurance Company is domiciled; it being understood and agreed that determinations in accordance with SAP for purposes of Article VI, including defined terms used therein, are subject (to the extent provided therein) to Section 1.03.

“Scheduled Unavailability Date” has the meaning set forth in Section 3.03(b)(ii).

“SEC” means the United States Securities and Exchange Commission or any successor entity.

“Securities Intermediary” means any “securities intermediary” within the meaning of Section 8.102(a)(14) of the UCC at which any securities account constituting a Collateral Account is held, which shall be (a) located in the United States and (b) reasonably acceptable to the Administrative Agent.

“Security Agreement” means the Second Amended and Restated Security Agreement dated as of August 23, 2023, by and among ARL, ARC, Arch Europe, AGRL and AREUL, as grantors, and the Administrative Agent, as amended, restated, amended and restated, supplemented or otherwise modified from time to time, a copy of which is attached hereto as Exhibit E with such changes therein as may be agreed to by the Administrative Agent and any Borrower.

“Security Documents” means (i) the Security Agreement, (ii) each Control Agreement, (iii) each other security agreement executed and delivered pursuant to Section 6.11 and (iv) each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Lenders.

“Service of Process Agent” means White and Case LLP.

“Several Letter of Credit” means a Letter of Credit issued in Dollars severally by or on behalf of the Lenders pursuant to which the Lenders are severally liable to the beneficiary which shall be substantially in the form of Exhibit E with such changes thereto as are described in Section 2.03(a)(iii)(E).

“SOFR” with respect to any day means the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator).

“SOFR Adjustment” with respect to Daily Simple SOFR means 0.10% (10 basis points); and with respect to Term SOFR means 0.10% (10 basis points) for an Interest Period of one month’s duration and 0.10% (10 basis points) for an Interest Period of three month’s duration.

“SONIA” means, with respect to any applicable determination date, the Sterling Overnight Index Average reference rate published on the fifth Business Day preceding such date on the applicable Reuters screen page (or such other commercially available source providing such

quotations as may be designated by the Administrative Agent from time to time); provided however that if such determination date is not a Business Day, SONIA means such rate that applied on the first Business Day immediately prior thereto.

"SONIA Adjustment" means, with respect to SONIA, 0.1193% per annum.

"Special Notice Currency" means at any time an Alternative Currency, other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America or Europe.

"Specified Subsidiary" has the meaning specified in Section 6.11(a). For the avoidance of doubt, as of the Closing Date, Arch Capital Finance LLC, a Delaware limited liability company, is a Specified Subsidiary.

"Spot Rate" for a currency means the rate determined by the Administrative Agent or a Fronting Bank, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or the issuing Fronting Bank may obtain such spot rate from another financial institution designated by the Administrative Agent or the issuing Fronting Bank if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; and provided further that the issuing Fronting Bank may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in an Alternative Currency.

"Statutory Statements" means, with respect to any Regulated Insurance Company for any fiscal year or fiscal quarter, the annual or quarterly financial statements of such Regulated Insurance Company as required to be filed with the Insurance Regulatory Authority of its jurisdiction of domicile and in accordance with the laws of such jurisdiction, together with all exhibits.

"Sterling" and "£." mean the lawful currency of the United Kingdom.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, company, limited liability company, partnership, association or other entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned,

directly, or indirectly through one or more Subsidiaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent Borrower; provided, that, notwithstanding anything to the contrary in this Agreement, (x) at any time that Parent Borrower does not, directly or indirectly, own 50% or more of the voting securities of Greysbridge, the definition of Subsidiary or Subsidiaries of the Parent Borrower shall not include Greysbridge and its Subsidiaries, for any purpose, (y) the Parent Borrower shall provide prompt (and in any event within five (5) Business Days) written notice to the Administrative Agent of the occurrence of any Greysbridge Control Transaction and (z) commencing with the third fiscal quarter after the occurrence of such Greysbridge Control Transaction (so long as a Greysbridge Sell-Down Transaction shall not have occurred), Greysbridge and its Subsidiaries shall be considered "Subsidiaries" of the Parent Borrower for all purposes (including, for the avoidance of doubt, for purposes of any consolidated financial statements delivered pursuant to Section 6.01 hereof) until such time as a Greysbridge Sell-Down Transaction shall have occurred; provided, the Parent Borrower shall provide prompt (and in any event within five (5) Business Days) written notice to the Administrative Agent of any such Greysbridge Sell-Down Transaction.

"Subsidiary Guaranty" means a guaranty, in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing the Obligations of the Parent Borrower and ACUS under the Credit Documents which shall be in form and substance reasonably satisfactory to the Administrative Agent.

"Successor Rate" has the meaning specified in Section 3.03(b)(ii).

"TALF" means the Term Asset-Backed Securities Loan Facility, under which FRBNY will provide funding on a non-recourse basis (subject to certain exceptions to the non-recourse provisions under TALF) to any eligible borrower secured by eligible collateral, as announced by the FRB and in effect on August 12, 2020 and as thereafter amended or otherwise modified from time to time, and including (i) any successor or supplemental program thereto and (ii) any similar program thereto announced by the FRB or U.S. government (or any agency, department or branch thereof) and in effect from time to time, provided that (x) the terms of such program are not adverse to the Lenders and (y) the impact of such program on, or the application of such program to, the Lenders is not adverse to the Lenders.

"T2" means the real time gross settlement system operated by the Eurosystem, or any successor system.

"TARGET Day" means any day on which T2 is open for the settlement of payments in Euro.

"Taxes" means all present or future taxes, levies, imposts, duties, withholdings (including backup withholding), assessments, or other similar charges, fees or deductions imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Lender" means a Lender who holds a Term Loan at such time.

"Term Loans" has the meaning specified in [Section 2.17\(a\)](#).

"Term Loan Conversion Date" has the meaning specified in [Section 2.17\(b\)](#).

"Term Obligations" means the aggregate outstanding principal amount of Term Loans.

"Term SOFR" means:

(a) for any Interest Period with respect to a Term SOFR Loan, the rate per annum equal to the Term SOFR Screen Rate two (2) U.S. Government Securities Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; **provided**, that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first (1st) U.S. Government Securities Business Day immediately prior thereto, in each case, **plus** the SOFR Adjustment for such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the Term SOFR Screen Rate two (2) U.S. Government Securities Business Days prior to such date with a term of one (1) month commencing that day; **provided** that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first (1st) U.S. Government Securities Business Day immediately prior thereto, in each case, **plus** the SOFR Adjustment for such term;

provided, that if Term SOFR determined in accordance with either of the foregoing provisions (a) or (b) of this definition would otherwise be less than zero, Term SOFR shall be deemed zero for purposes of this Agreement.

"Term SOFR Loan" means a Loan that bears interest at a rate based on clause (a) of the definition of Term SOFR.

"Term SOFR Replacement Date" has the meaning set forth in [Section 3.03\(b\)\(ii\)](#).

"Term SOFR Screen Rate" means the forward-looking SOFR term rate administered by CME (or any successor administrator satisfactory to the Administrative Agent) and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"Total Outstandings" means, on any date, the sum of (a) the Tranche A L/C Obligations plus (b) the Tranche B Obligations plus (c) the Term Obligations, in each case, as of such date.

"Tranche A Commitment" means, as to any Lender, the commitment of such Lender pursuant to [Section 2.01\(a\)](#) to issue Tranche A Several Letters of Credit and purchase participations in Tranche A L/C Obligations arising under Fronted Letters of Credit for the account of the Tranche A Designated Subsidiary Borrowers, in an aggregate principal amount at any one time outstanding not to exceed the Dollar amount set forth opposite such Lender's name on [Schedule 2.01](#) or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The initial amount of the Tranche A Commitment of each Lender is set forth on [Schedule 2.01](#).

"Tranche A Designated Subsidiary Borrower" means each of ARC, ARL, AREUL, Arch Europe, AGRL and each Person which is designated as an additional Tranche A Designated Subsidiary Borrower after the Closing Date in accordance with [Section 2.13\(a\)](#) (in each case, unless otherwise removed as such in accordance with [Section 2.13\(e\)](#)).

"Tranche A Fronted Letter of Credit" means a Tranche A Letter of Credit issued as a Fronted Letter of Credit.

"Tranche A L/C Obligations" means, at any time, the L/C Obligations with respect to Tranche A Letters of Credit.

"Tranche A Lender" means a Lender who has a Tranche A Commitment.

"Tranche A Letter of Credit" means a Letter of Credit issued pursuant to the Tranche A Commitment.

"Tranche A Several Letter of Credit" means a Tranche A Letter of Credit issued as a Several Letter of Credit.

"Tranche B Borrowers" means the Parent Borrower and the Tranche B Designated Subsidiary Borrowers.

"Tranche B Commitment" means, as to any Lender, the commitment of such Lender pursuant to [Section 2.01\(b\)](#) to (a) make Revolving Loans to the Parent Borrower, ACUS, MI and the other applicable Tranche B Designated Subsidiary Borrowers and (b) to issue Tranche B Several Letters of Credit and purchase participations in Tranche B L/C Obligations arising under Tranche B Fronted Letters of Credit for the account of the Parent Borrower, ARC, ARL, MI and the other applicable Tranche B Designated Subsidiary Borrowers in an aggregate principal amount at any one time outstanding not to exceed the Dollar amount set forth opposite such Lender's name on [Schedule 2.01](#) or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The initial amount of the Tranche B Commitment of each Lender is set forth on [Schedule 2.01](#).

"Tranche B Designated Subsidiary Borrowers" means, (a) as to Revolving Loans, ACUS and MI and (b) as to Letters of Credit, ARC, ARL, and MI and, in each case, each Person which is designated as an additional Tranche B Designated Subsidiary Borrower after the Closing Date in accordance with [Section 2.13\(b\)](#) (in each case, unless otherwise removed as such in accordance with [Section 2.13\(e\)](#)).

"Tranche B Fronted Letter of Credit" means a Tranche B Letter of Credit issued as a Fronted Letter of Credit.

"Tranche B L/C Obligations" means, at any time, the L/C Obligations with respect to Tranche B Letters of Credit.

"Tranche B Lender" means a Lender who has a Tranche B Commitment.

"Tranche B Letter of Credit" means any Letter of Credit issued under the Tranche B Commitment.

"Tranche B Obligations" means, at any time, the sum, without duplication, of (a) the Tranche B L/C Obligations plus (b) the aggregate outstanding principal amount of Revolving Loans.

"Tranche B Several Letter of Credit" means a Tranche B Letter of Credit issued as a Several Letter of Credit.

"Transactions" means the execution, delivery and performance by each Borrower of this Agreement, the borrowing of Loans, the issuing of Letters of Credit and the use of the proceeds thereof.

"Type" means with respect to a Loan, its character as a Revolving Loan, a Term Loan, a Base Rate Loan, an Alternative Currency Daily Rate Loan, an Alternative Currency Term Rate Loan or a Term SOFR Loan.

"UCC" means the Uniform Commercial Code as in effect in the State of New York.

"UCP" means the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance of a Letter of Credit or, in the case of Letters of Credit issued to back Reinsurance Agreements, such earlier version thereof as may be required by the applicable Governmental Authority or beneficiary.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"United States" and **"U.S."** mean the United States of America.

"Unreimbursed Amount" has the meaning specified in [Section 2.03\(c\)\(ii\)](#).

"U.S. Government Securities Business Day" means any Business Day, except any Business Day on which any of the Securities Industry and Financial Markets Association, the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business because such day is a legal holiday under the federal laws of the United States or the laws of the State of New York, as applicable.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"Wholly-Owned Subsidiary" of any Person means any Subsidiary of such Person to the extent all of the capital stock, issued shares or other ownership interests in such Subsidiary, other than directors' or nominees' qualifying shares, is owned directly or indirectly by such Person; provided, however, that Alternative Re Holdings Limited shall be considered a Wholly-Owned Subsidiary provided the Parent Borrower owns directly or indirectly all of the voting capital stock or other voting ownership interests in such Subsidiary.

"Withholding Agent" means the Borrower and the Administrative Agent.

"Write-Down and Conversion Powers" means,

(a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule;

(b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(c) in relation to any other applicable Bail-In Legislation, any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

"Yen" means the lawful currency of Japan.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words **"include," "includes" and "including"** shall be deemed to be followed by the phrase **"without limitation."** The word **"will"** shall be construed to have the same meaning and effect as the word **"shall."** Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Credit Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words **"hereto," "herein," "hereof" and "hereunder,"** and words of similar import when used in any Credit Document, shall be construed to refer to such Credit Document in its entirety and not to any particular provision thereof, (iv) all references in a Credit Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Credit Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words **"asset" and "property"** shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word **"from"** means **"from and including";** the words **"to" and "until"** each mean **"to but excluding";** and the word **"through"** means **"to and including."**

(c) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(d) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company or partnership, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation) or partnership, as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company or partnership shall constitute a separate Person hereunder (and each division of any limited liability company or partnership that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

1.03 Accounting Terms. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Parent Borrower (on behalf of the Borrowers) notifies the Administrative Agent that the Borrowers request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Parent Borrower (on behalf of the Borrowers) that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, any election or requirement to measure any financial liability using fair value shall be disregarded. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the applicable Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Notwithstanding the foregoing, for purposes of computing any amount under this Agreement (including, but not limited to, Consolidated Indebtedness, Consolidated Net Worth, Consolidated Tangible Net Worth, Consolidated Total Capital and Parent Borrower Leverage Ratio) on a consolidated basis for any purpose under this Agreement, including, but not limited to, Section 7.07 and Section 7.08, (x) to the extent (1) borrowed to be deployed into eligible investments under TALF or (2) secured by Liens on eligible collateral under TALF, all Indebtedness incurred under TALF shall be excluded and (y) all Indebtedness owing to Federal Home Loan Banks by Regulated Insurance Companies shall be excluded.

1.04 Rounding. Any financial ratios required to be maintained by the Parent Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent (or in the case of Fronted Letters of Credit, the issuing Fronting Bank) shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Borrowers hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Credit Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the issuing Fronting Bank, as applicable.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Loan or the issuance, amendment or extension of a Letter of

Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the issuing Fronting Bank, as the case may be.

1.06 Additional Alternative Currencies.

(a) The Borrowers may from time to time request that Loans to be made in an Alternative Currency be made and/or Fronted Letters of Credit be issued in a currency other than those specifically listed in the definition of "Alternative Currency"; provided that such requested currency is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. In the case of any such request with respect to the making of Loans in such requested currency, such request shall be subject to the approval of the Administrative Agent and the affected Lenders; and in the case of any such request with respect to the issuance of Fronted Letters of Credit, such request shall be subject to the approval of the Administrative Agent and the affected Fronting Banks.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., 15 Business Days prior to the date of the desired Credit Extension (or in the case of Fronted Letters of Credit, such earlier time or date as may be agreed to by the issuing Fronting Bank, in its sole discretion). In the case of any such request pertaining to Loans to be made in Alternative Currencies, the Administrative Agent shall promptly notify each affected Lender thereof; and in the case of any such request pertaining to Fronted Letters of Credit, the Administrative Agent shall promptly notify the affected Fronting Banks thereof. Each affected Lender (in the case of any such request pertaining to Loans to be made in Alternative Currencies) or the issuing Fronting Bank (in the case of a request pertaining to Fronted Letters of Credit) shall notify the Administrative Agent, not later than 11:00 a.m., ten Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Loans or the issuance of Letters of Credit, as the case may be, in such requested currency.

(c) Any failure by a Lender or a Fronting Bank, as the case may be, to respond to such request within the time period specified in the preceding clause (b) shall be deemed to be a refusal by such Lender or such Fronting Bank, as the case may be, to permit Loans to be made or Fronted Letters of Credit to be issued in such requested currency. If the Administrative Agent and all the affected Lenders consent to making Loans in such requested currency, the Administrative Agent shall so notify the Parent Borrower and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Borrowings of Loans in Alternative Currencies; and if the Administrative Agent and a Fronting Bank consent to the issuance of Fronted Letters of Credit in such requested currency, the Administrative Agent shall so notify the Parent Borrower and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Fronted Letter of Credit issuances. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.06, the Administrative Agent shall promptly so notify the Parent Borrower.

1.07 Change of Currency.

(a) Each obligation of a Borrower to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the

basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Loan in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Loan, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro. In the event that any member state of the European Union withdraws its adoption of the Euro and adopts another currency, the adopted currency shall not be an Alternative Currency unless it is either an existing Alternative Currency or is approved in accordance with Section 1.06.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

1.08 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.09 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

1.10 Allocation of Loans and Percentages at the Effective Time.

(a) Each Borrower and each Lender agree that, effective at the time at which all conditions precedent to the effectiveness of this Agreement have been satisfied (the "Effective Time"), (i) this Agreement shall amend and restate in its entirety the Existing Credit Agreement and (ii) the outstanding "Loans" under and as defined in the Existing Credit Agreement shall be allocated among the Lenders in accordance with their respective Applicable Percentages.

(b) To facilitate the allocation described in clause (a), at the Effective Time, (i) all “Loans” under the Existing Credit Agreement (“Existing Loans”) shall be deemed to be Revolving Loans, (ii) each Lender that is a party to the Existing Credit Agreement (an “Existing Lender”) shall be deemed to have transferred to the Administrative Agent an amount equal to the excess, if any, of such Lender's pro rata share (according to its Applicable Percentage) of the outstanding Revolving Loans hereunder (including any Revolving Loans made at the Effective Time) over the amount of all of such Lender's Existing Loans, (iii) each Lender that is not a party to the Existing Credit Agreement shall transfer to the Administrative Agent an amount equal to such Lender's pro rata share (according to its Applicable Percentage) of the Revolving Loans outstanding hereunder (including any Revolving Loans made at the Effective Time), (iv) the Administrative Agent shall apply the funds received from the Lenders pursuant to clauses (ii) and (iii), first, on behalf of the Lenders (pro rata according to the

amount of the applicable Existing Loans each is required to purchase to achieve the allocation described in clause (a)), to purchase from each Existing Lender that has Existing Loans in excess of such Lender's pro rata share (according to its Applicable Percentage) of the applicable outstanding Revolving Loans hereunder (including any Revolving Loans made at the Effective Time), a portion of such Existing Loans equal to such excess, second, to pay to each Existing Lender all interest, fees and other amounts (including amounts payable pursuant to Section 3.05 of the Existing Credit Agreement, assuming for such purpose that the Existing Loans were prepaid rather than allocated at the Effective Time) owed to such Existing Lender under the Existing Credit Agreement (whether or not otherwise then due) and, third, as the Parent Borrower shall direct, and (v) all Revolving Loans shall commence new Interest Periods in accordance with elections made by the applicable Borrower at least three Business Days prior to the Closing Date pursuant to the procedures applicable to conversions and continuations set forth in Section 2.02 (all as if the Existing Loans were continued or converted as of the Effective Time), and the Lenders that are lenders under the Existing Credit Agreement hereby waive any and all amounts that would be payable under Section 3.05 of the Existing Credit Agreement as a result of such continuation or conversion. To the extent the applicable Borrower fails to make a timely election pursuant to clause (v) of the preceding sentence with respect to any Revolving Loans, such Revolving Loans shall be Base Rate Loans.

1.11 Existing Letters of Credit. (i) On and after the Closing Date, the Existing Letters of Credit shall be deemed to be Tranche A Letters of Credit or Tranche B Letters of Credit as indicated on Schedule 1.01(a), issued under this Agreement for all purposes, including for purposes of the fees to be collected pursuant to Section 2.03(h) and (ii), and reimbursement of costs and expenses to the extent provided herein.

(i) On the Closing Date, the risk participation of each Lender in the Existing Letters of Credit which, as shown on Schedule 1.01(a), were issued as Fronted Letters of Credit shall be equal to each Lender's Applicable Percentage and the risk participation of each Lender in the Existing Letters of Credit which, as shown on Schedule 1.01(a) were issued as Several Letters of Credit (the “Existing Several Letters of Credit”) shall be equal to each Lender's Applicable Percentage.

(ii) Bank of America shall promptly amend each Existing Several Letter of Credit to reflect the applicable Lenders as L/C Issuers and the correct Applicable Percentages of such Lenders under such Existing Several Letter of Credit. The Designated Subsidiary Borrowers shall cooperate with Bank of America and provide any necessary documents as may reasonably be requested by a beneficiary in connection with such amendment. Bank of America and the Designated Subsidiary Borrowers will use their commercially reasonable efforts to amend or replace any Existing Several Letter of Credit which cannot be amended without the consent of a beneficiary, to reflect the correct Applicable Percentages of the Lenders. From the Closing Date until the date on which an Existing Several Letter of Credit has been amended to reflect the applicable Lenders' Applicable Percentage, each Lender hereby irrevocably and unconditionally purchases from each lender who has issued such Several Letter of Credit, a risk participation in such Existing Several Letter of Credit in an amount such that after giving effect to such purchase, the risk participation of each applicable Lender in such Existing Several Letter of Credit is equal to such Lender's Applicable Percentage.

1.12 Interest Rates. The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to Term SOFR or the rates in the definition of “Alternative Currency Daily Rate” or “Alternative Currency Term Rate” or any reference rate referred to herein or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate (including, without limitation, any Successor Rate or Alternative Currency Successor Rate) (or any component of any of the foregoing) or the effect of any of the foregoing, or of any Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions or other activities that affect any reference rate referred to herein, or any alternative, successor or replacement rate (including, without limitation, any Successor Rate or Alternative Currency Successor Rate) (or any component of any of the foregoing) or any related spread or other adjustments thereto, in each case, in a manner adverse to the Borrowers. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any reference rate referred to herein or any alternative, successor or replacement rate (including, without limitation, any Successor Rate or Alternative Currency Successor Rate) (or any component of any of the foregoing), in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrowers, any Lender or any other person or entity for damages of

any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or other action or omission related to or affecting the selection, determination, or calculation of any rate (or component thereof) provided by any such information source or service.

ARTICLE II. THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Commitments.

(a) Tranche A Commitment. Upon and subject to the terms and conditions hereof, (i) each Fronting Bank (subject to the definition thereof) hereby agrees to issue Tranche A Fronted Letters of Credit in Dollars or an Alternative Currency at the request of and for the account of each Tranche A Designated Subsidiary Borrower from time to time during the Availability Period, (ii) each Tranche A Lender that is not a Participating Bank hereby agrees to issue Tranche A Several Letters of Credit in Dollars at the request of and for the account of each Tranche A Designated Subsidiary Borrower from time to time during the Availability Period in such Lender's Applicable Percentage of such aggregate stated amounts as such Tranche A Designated Subsidiary Borrower may from time to time request, (iii) each Tranche A Lender hereby agrees to purchase risk participations in the obligations of the issuing Fronting Bank under Tranche A Fronted Letters of Credit in an amount equal of such Tranche A Lender's Applicable Percentage of such obligations, and (iv) subject to receipt, if applicable, of an agreement referenced in Section 2.03(a)(iii)(E)(2), with respect to Tranche A Several Letters of Credit, the applicable Fronting Bank shall be severally (and not jointly) liable for an amount equal to its Applicable Percentage plus each Participating Bank's Applicable Percentage of the amount of such Several Letter of Credit and each Participating Bank hereby agrees to purchase risk participations in the obligations of such Fronting Bank under any such Tranche A Several Letter of Credit in an amount equal to such Participating Bank's Applicable Percentage of such obligations; provided, however, that after giving effect to any Credit Extension pursuant to this Section 2.01(a), (A) the Outstanding Amount of Tranche A L/C Obligations shall not exceed the combined Tranche A Commitments, (B) the Outstanding Amount of Tranche A L/C Obligations of any Tranche A Designated Subsidiary Borrower shall not exceed such Tranche A Designated

Subsidiary Borrower's Borrowing Base, (C) the Outstanding Amount of Tranche A L/C Obligations of any Tranche A Lender will not exceed such Lender's Tranche A Commitment, (D) the total outstanding stated amount of Fronted Letters of Credit shall not exceed the Fronted Letter of Credit Sublimit and (E) prior to and until the date that AGRL shall have achieved a Financial Strength Rating from A.M. Best of at least A- or from S&P of at least A (the "AGRL Ratings Requirement"), the Outstanding Amount of Tranche A L/C Obligations of AGRL shall not exceed \$50,000,000 (the "AGRL Sublimit"); provided, that the AGRL Sublimit may be increased with the written consent of the Administrative Agent and the Required Lenders; provided, further, that for any such increase which results in an AGRL Sublimit of \$100,000,000 or less, such an increase approved by the Administrative Agent in writing shall become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent shall have posted notice of such proposed increase to all Lenders unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such increase. For the avoidance of doubt, the AGRL Sublimit shall not apply upon achievement by AGRL of the AGRL Ratings Requirement.

(b) Tranche B Commitment. Upon and subject to the terms and conditions hereof, (i) each Tranche B Lender severally agrees to make loans in Dollars, Euros or Sterling (each such loan a "Revolving Loan") to the Parent Borrower, ACUS, MI or any other applicable Tranche B Designated Subsidiary Borrower from time to time, on any Business Day, from time to time during the Availability Period in an amount equal to such Tranche B Lender's Applicable Percentage of the requested Revolving Loan and (ii) as more fully set forth in Section 2.03, (w) each Fronting Bank (subject to the definition thereof) hereby agrees to issue Tranche B Fronted Letters of Credit in Dollars or an Alternative Currency at the request of and for the account of ARC, ARL, MI, the Parent Borrower or any other applicable Tranche B Designated Subsidiary Borrower from time to time during the Availability Period, (x) each Tranche B Lender that is not a Participating Bank hereby agrees to issue Tranche B Several Letters of Credit in Dollars at the request of and for the account of ARC, ARL, MI, the Parent Borrower or any other applicable Tranche B Designated Subsidiary Borrower from time to time during the Availability Period in such Lender's Applicable Percentage of such aggregate stated amounts as such Borrower may from time to time request, (y) each Tranche B Lender hereby agrees to purchase risk participations in the obligations of the issuing Fronting Bank under Tranche B Fronted Letters of Credit in an amount equal to such Tranche B Lender's Applicable Percentage of such obligations, and (z) subject to receipt, if applicable, of an agreement referenced in Section 2.03(a)(iii)(E)(2), with respect to Tranche B Several Letters of Credit, the applicable Fronting Bank shall be severally (and not jointly) liable for an amount equal to its Applicable Percentage plus each Participating Bank's Applicable Percentage of the amount of each such Several Letter of Credit and each Participating Bank hereby agrees to purchase risk participations in the obligations of such Fronting Bank under any such Tranche B Several Letter of Credit in an amount equal to such Participating Bank's Applicable Percentage of such obligations; provided, however that, after giving effect to any Credit Extension pursuant to this Section 2.01(b), (A) the Outstanding Amount of Tranche B Obligations will not exceed the combined Tranche B Commitments, (B) the Outstanding Amount of Tranche B Obligations of any Tranche B Lender will not exceed such Lender's Tranche B Commitment, (C) the Outstanding Amount of Tranche B L/C Obligations of ARC shall not exceed \$100,000,000, the Tranche B L/C Obligations of ARL shall not exceed \$150,000,000, and the Tranche B L/C

Obligations of MI shall not exceed \$100,000,000, and (D) the total outstanding stated amount of Fronted Letters of Credit shall not exceed the Fronted Letter of Credit Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, ARC, ARL, ACUS, MI, the Parent Borrower and each other applicable Tranche B Designated Subsidiary Borrower may borrow under this [Section 2.01\(b\)](#), prepay under [Section 2.04\(a\)](#) and reborrow under this [Section 2.01\(b\)](#).

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Term SOFR Loans and/or Alternative Currency Term Rate Loans shall be made upon the Parent Borrower's, ACUS's, MI's or any other applicable Tranche B Designated Subsidiary Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three U.S. Government Securities Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Term SOFR Loans denominated in Dollars, (ii) three Business Days prior to the requested date of any Borrowing of or conversion to an Alternative Currency Loan or, in the case of any Alternative Currency Term Rate Loan, any continuation thereof and (iii) on the requested date of any Borrowing of Base Rate Loans; provided, however, that if the applicable Borrower wishes to request (x) Term SOFR Loans having an Interest Period other than one or three months in duration as provided in the definition of "Interest Period," the applicable notice must be received by the Administrative Agent not later than 11:00 a.m., four U.S. Government Securities Business Days prior to the requested date of such Borrowing of, conversion to or continuation of Term SOFR Loans denominated in Dollars, whereupon the Administrative Agent shall give prompt notice to the affected Lenders of such request and determine whether the requested Interest Period is acceptable to all of them or (y) Alternative Currency Term Rate Loans having an Interest Period other than one, three or six months in duration as provided in the definition of "Interest Period," the applicable notice must be received by the Administrative Agent not later than 11:00 a.m. five Business Days prior to the requested date of such Borrowing or continuation of Alternative Currency Term Rate Loans, whereupon the Administrative Agent shall give prompt notice to the Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. If a different Interest Period is requested, not later than 11:00 a.m. (x) three U.S. Government Securities Business Days before the requested date of such Borrowing of, conversion to or continuation of Term SOFR Loans denominated in Dollars, the Administrative Agent shall notify the applicable Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the affected Lenders or (y) four Business Days prior to the requested date of such Borrowing or continuation of Alternative Currency Term Rate Loans, the Administrative Agent shall notify the applicable Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Each telephonic notice by the applicable Borrower pursuant to this [Section 2.02\(a\)](#) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice. Each Borrowing of, conversion to or continuation of, as applicable, Term SOFR Loans or Alternative Currency Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof (or, in the case of a Borrowing, a principal amount equal to the remaining available amount of the Tranche B Commitment). Except as provided in [Section 2.03\(c\)](#), each Borrowing of or conversion to Base Rate Loans

shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether the applicable Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Term SOFR Loans or Alternative Currency Term Rate Loans, as applicable, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the currency and principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted and (v) if applicable, the duration of the Interest Period with respect thereto. If such Borrower fails to specify a currency in a Loan Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If the applicable Borrower fails to specify a Type of Loan in a Loan Notice or fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans denominated in Dollars; provided, however, that in the case of a failure to timely request a continuation of Loans denominated in an Alternative Currency, such Loans shall be continued as Loans (in their original currency) with an Interest Period of one month. Any automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Term SOFR Loans. If the applicable Borrower requests a Borrowing of, conversion to, or continuation of Term SOFR Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. No Revolving Loan may be converted into or continued as a Revolving Loan denominated in a different currency, but instead must be prepaid in the original currency of such Revolving Loan and reborrowed in the other currency.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Tranche B Lender of the amount (and currency) of its Applicable Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the applicable Borrower, the Administrative Agent shall notify each Tranche B Lender or Term Lender, as applicable, of the details of any automatic conversion to Base Rate Loans or continuation of Loans denominated in a currency other than Dollars, in each case as described in the preceding subsection. In the case of a Borrowing, each Tranche B Lender shall make the amount of its Revolving Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office for the applicable currency not later than 1:00 p.m., in the case of any Loan denominated in Dollars,

and not later than the Applicable Time specified by the Administrative Agent in the case of any Loan in an Alternative Currency, in each case on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the Parent Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Parent Borrower on the books of the Administrative Agent with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Parent Borrower; provided, however, that if, on the date the Loan Notice with respect to such Borrowing denominated in Dollars is given by the Parent Borrower, there are L/C Borrowings of the Parent Borrower outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and, second, shall be made available to the Parent Borrower as provided above. Each Tranche B Lender may, at its option, make any Revolving Loan available to the Parent Borrower by causing any foreign or domestic branch or Affiliate of such Tranche B Lender to make such Revolving Loan; provided that any exercise of such option shall not affect the obligation of the Parent Borrower to repay such Revolving Loan in

accordance with the terms of this Agreement and such branch or Affiliate shall not have any voting rights hereunder which rights shall remain with such Tranche B Lender.

(c) Except as otherwise provided herein, a Term SOFR Loan or an Alternative Currency Term Rate Loan may be continued or converted only on the last day of an Interest Period for such Term SOFR Loan or Alternative Currency Term Rate Loan. During the existence of an Event of Default, no Loans may be requested as, converted to or continued as Term SOFR Loans (if such Loan is denominated in Dollars) or Loans made in an Alternative Currency (if such Loan is denominated in an Alternative Currency) without the consent of the Majority Loan Lenders, and the Majority Tranche B Lenders may demand that any or all of the then outstanding Loans denominated in an Alternative Currency be redenominated into Dollars in the amount of the Dollar Equivalent thereof, on the last day of the then current Interest Period with respect thereto.

(d) The Administrative Agent shall promptly notify the Parent Borrower and the Tranche B Lenders and the Term Lenders of the interest rate applicable to any Interest Period for Term SOFR Loans or an Alternative Currency Term Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Parent Borrower and the Tranche B Lenders and the Term Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than seven Interest Periods in effect with respect to Loans.

(f) The Administrative Agent will have the right to make Conforming Changes (in consultation with the Parent Borrower) from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Conforming Changes will become effective without any further action (other than consultation with the Parent Borrower as noted above) or consent of any other party to this Agreement or any other Credit Document; provided, that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

2.03 Letters of Credit.

(a) The Letter of Credit Commitments.

(i) Each request by a Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by such Borrower that the L/C Credit Extension so requested complies with the conditions set forth in Section 2.01(a) or (b), as applicable. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrowers' ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrowers may, during the Availability Period, obtain Letters of Credit to replace Letters of Credit that have expired or have been returned for cancellation or that have been drawn upon and reimbursed.

(ii) The Applicable Issuing Party shall not issue any Letter of Credit, if:

(A) subject to Section 2.03(b)(iii), the expiry date of the requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, (or, (1) in the case of Letters of Credit denominated in Canadian Dollars, thirteen months and (2) in the case of Letters of Credit denominated in Australian Dollars, twenty-four

months, in each case solely if necessary for regulatory purposes) unless the Majority Tranche A Lenders (with respect to Tranche A Letters of Credit) or the Majority Tranche B Lenders (with respect to Tranche B Letters of Credit) have approved such expiry date;

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Tranche A Lenders, with respect to Tranche A Letters of Credit, or all of the Tranche B Lenders, with respect to Tranche B Letters of Credit have approved such expiry date;

(C) if the Borrower requesting such Letter of Credit is an Irish company, unless the beneficiary of such Letter of Credit is neither habitually resident in Ireland nor has a place of establishment in Ireland; or

(D) if such Letter of Credit is to be a Fronted Letter of Credit, after giving effect thereto, the outstanding stated amount of all Fronted Letters of Credit would exceed the Fronted Letter of Credit Sublimit.

(iii) An L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon such L/C Issuer with respect to the Letter of Credit any restriction, reserve, capital or liquidity requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of such L/C Issuer applicable to letters of credit generally (it being acknowledged by each L/C Issuer that, as of the date hereof, the issuance of Letters of Credit for purposes of supporting reinsurance and insurance obligations or to meet insurance regulatory requirements would not violate any policy);

(C) except as otherwise agreed by the Administrative Agent and the Applicable Issuing Party, the Letter of Credit is in an initial stated amount less than \$100,000;

(D) such Letter of Credit is to be denominated in a currency other than Dollars or an Alternative Currency;

(E) in the case of a Several Letter of Credit, (1) such Letter of Credit is not substantially in the form of Exhibit E (provided that the Applicable Issuing Party can and will agree to reasonable changes to such form, not adverse to interests of the applicable Lenders, necessary to satisfy any then applicable requirements of the applicable insurance regulators) or (2) any Lender has advised the applicable L/C Administrator that it must be a Participating Bank with respect to such Several Letter of Credit unless such Lender has

entered into an agreement with a Fronting Bank to front for such Lender under such Letter of Credit;

(F) any Lender is at that time a Defaulting Lender, unless, in the case of a Fronted Letter of Credit or a Several Letter of Credit as to which such Defaulting Lender is a Participating Bank, the applicable Fronting Bank (x) has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such Fronting Bank (in its sole discretion) with such Lender or (y) has received Cash Collateral from (or entered into other arrangements satisfactory to such Fronting Bank in its sole discretion with) the Parent Borrower to eliminate such Fronting Bank's actual or potential Fronting Exposure (after giving effect to Section 2.16(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Fronted Letter of Credit and all other L/C Obligations (including as Fronting Bank for a Participating Bank) as to which such Fronting Bank has actual or potential Fronting Exposure, as it may elect in its sole discretion; or

(G) such Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) The Applicable Issuing Party shall not amend any Letter of Credit if (A) the Applicable Issuing Party would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(v) Each L/C Administrator is hereby authorized to execute and deliver each Several Letter of Credit and each amendment to a Several Letter of Credit on behalf of (1) each Tranche A Lender, in the case of Tranche A Letters of Credit and (2) each Tranche B Lender, in the case of Tranche B Letters of Credit (unless such Lender has advised the applicable L/C Administrator that it is a Participating Bank). Each L/C Administrator shall use the Applicable Percentage of an L/C Issuer under each Several Letter of Credit provided that the applicable Fronting Bank for such Participating Bank shall be severally (and not jointly) liable for an amount equal to its Applicable Percentage plus the Applicable Percentage of each Participating Bank. No L/C Administrator shall amend any Several Letter of Credit to

change the “Commitment shares” of a Lender or add or delete a Lender liable thereunder unless such amendment is done in connection with an assignment in accordance with [Section 10.06](#), a change in the Lenders and/or the Applicable Percentages as a result of any increase in the Aggregate Commitments pursuant to [Section 2.14](#) or any other addition or replacement of a Lender in accordance with the terms of this Agreement or a change in status of a Lender as a Participating Bank. Fees owed by any Participating Bank to the applicable Fronting Bank pursuant to [Section 2.03\(i\)](#) shall accrue for the account of such Participating Bank only during such period as such Lender is a Participating Bank with respect to any such Several Letter of Credit. Each Lender hereby irrevocably constitutes and appoints each L/C Administrator its true and lawful attorney-in-fact for and on behalf of such Lender with full power of substitution and revocation in its own name or in the name of such L/C Administrator to issue, execute and deliver, as the case may be, each Several Letter of Credit and each amendment to a Several Letter of Credit and to carry out the purposes of this Agreement with respect to Several Letters of Credit. Upon request, each Lender shall execute such powers of attorney or other documents as any beneficiary of any Several Letter of Credit may reasonably request to evidence the authority of an L/C Administrator to execute and deliver such Several Letter of Credit and any amendment or other modification thereto on behalf of the Lenders.

(vi) The Applicable Issuing Party shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Applicable Issuing Party shall have all of the benefits and immunities (A) provided to the Administrative Agent in [Article IX](#) with respect to any acts taken or omissions suffered by the Applicable Issuing Party in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term “Administrative Agent” as used in [Article IX](#) included the Fronting Banks and the L/C Administrators with respect to such acts or omissions, and (B) as additionally provided herein with respect to the Fronting Banks and the L/C Administrators.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the applicable Borrower delivered to (x) the issuing Fronting Bank, in the case of Fronted Letters of Credit and (y) the applicable L/C Administrator, in the case of Several Letters of Credit (with a copy in each case to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the applicable Borrower. Such Letter of Credit Application must be received by the Applicable Issuing Party and the Administrative Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as the Administrative Agent and the Applicable Issuing Party may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Applicable Issuing Party: (A) the name of the account party, which shall be the applicable Borrower; (B) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (C) the amount and currency thereof; (D) whether such Letter of Credit is to be a Tranche A Letter of Credit or a Tranche B Letter of Credit; (E) the expiry date thereof (which shall be the earlier of the date which is twelve months from the date of issuance (or, (1) in the case of Letters of Credit denominated in Canadian Dollars, thirteen months and (2) in the case of Letters of Credit denominated in Australian Dollars, twenty-four months, in each case solely if necessary for regulatory purposes)) or the Letter of Credit Expiration Date; (F) the name and address of the beneficiary thereof, which shall not be a member of the Lloyd’s of London syndicate; (G) the documents to be presented by such beneficiary in case of any drawing thereunder; (H) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (I) the purpose and nature of the requested Letter of Credit; (J) whether such Letter of Credit shall be an Auto-Extension Letter of Credit (as defined below); (K) whether such Letter of Credit is to be a Fronted Letter of Credit (it being understood that all Letters of Credit issued in Alternative Currencies shall be issued as Fronted Letters of Credit by Bank of America as Fronting Bank) or a Several Letter of Credit; and, in the case of Several Letters of Credit, in the event a Lender advises the applicable L/C Administrator that such Lender is a Participating Bank, such Participating Bank’s Applicable Percentage of such Several Letter of Credit will be issued by the applicable Fronting Bank; (L) whether such Letter of Credit shall be issued under the rules of the ISP or the UCP; and (M) such other matters as the Applicable Issuing Party may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Applicable Issuing Party (1) the Letter of Credit to be amended; (2) the proposed date of amendment thereof (which shall be a Business Day); (3) the nature of the proposed amendment; and (4) such other matters as the Applicable Issuing Party may require. Additionally, the applicable Borrower shall furnish to the Applicable Issuing Party and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, as the Applicable Issuing Party or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the Applicable Issuing Party will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the applicable Borrower and, if not, the Applicable Issuing Party will provide the Administrative Agent with a copy thereof. Unless the Applicable Issuing Party has received written notice from any Lender, the Administrative Agent or the applicable Borrower, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in [Article](#)

IV shall not then be satisfied, then, subject to the terms and conditions hereof, the Applicable Issuing Party shall, on the requested date, issue a Letter of Credit for the account of the applicable Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the Applicable Issuing Party's usual and customary business practices. Immediately upon the issuance of each Fronted Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the issuing Fronting Bank a risk participation in such Fronted Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Letter of Credit and immediately upon the issuance of a Several Letter of Credit in which a Fronting Bank has "fronted" for a Participating Bank, each Participating Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, without recourse or warranty, purchase from such Fronting Bank a risk participation in such Several Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Several Letter of Credit.

(iii) If the applicable Borrower so requests in any applicable Letter of Credit Application, the Applicable Issuing Party may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the Applicable Issuing Party to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the Applicable Issuing Party, the applicable Borrower shall not be required to make a specific request to the Applicable Issuing Party for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the Applicable Issuing Party to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the Applicable Issuing Party shall not permit any such extension if (A) the Applicable Issuing Party has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Majority Tranche A Lenders or Majority Tranche B Lenders, as applicable, have elected not to permit such extension or (2) from the Administrative Agent, any Lender or the applicable Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing the Applicable Issuing Party not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the Applicable Issuing Party will also deliver to the applicable Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit (a "Drawing Request"), the Applicable Issuing Party shall notify the applicable Borrower and the Administrative Agent of the receipt of such Drawing Request and of the date the Applicable Issuing Party will honor such request (each such date, an "Honor Date"). Not later than 10:00 a.m. on the later of (x) such Honor Date in the case of Letters of Credit to be reimbursed in Dollars or the Applicable Time on the Honor Date with respect to Letters of Credit to be reimbursed in an Alternative Currency or (y) one Business Day after the date the notice of such Drawing Request has been given (such date, the "Reimbursement Date"), the applicable Borrower shall reimburse the respective L/C Issuers through the Administrative Agent in Same Day Funds the amount of the Drawing Request and, if such payment is made after the Honor Date, plus interest on such amount at the Base Rate plus the Applicable Rate for Base Rate Loans from the Honor Date to the Reimbursement Date. In the case of a drawing under any Several Letter of Credit, the applicable Borrower shall reimburse the Applicable Issuing Parties through the Administrative Agent in Dollars. In the case of a drawing under any Fronted Letter of Credit, (1) if such Fronted Letter of Credit is denominated in Dollars, the applicable Borrower shall reimburse the applicable Fronting Bank through the Administrative Agent in Dollars and (2) if such Fronted Letter of Credit is denominated in an Alternative Currency, the applicable Borrower shall reimburse the applicable Fronting Bank through the Administrative Agent in such Alternative Currency, unless (A) the applicable Fronting Bank (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (B) in the absence of any such requirement for reimbursement in Dollars, such Borrower shall have notified the applicable Fronting Bank promptly following receipt of notice of drawing that such Borrower will reimburse the applicable Fronting Bank in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the Administrative Agent shall notify the applicable Borrower of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. In the case of a drawing under a Tranche A Letter of Credit, upon request from the applicable Borrower, the Administrative Agent will consent to the withdrawal for delivery to the Administrative Agent of an aggregate amount of cash in the applicable currency from one or more Collateral Accounts of the applicable Borrower equal to the Reimbursement Obligation created as a result of such drawing (it being understood that such Borrower shall have the right to sell assets in its Collateral Account with the proceeds of such sale being deposited in its Collateral Account in order to make such payment and

to the extent necessary the Administrative Agent will consent to the withdrawal of cash for conversion to the applicable currency in which such Reimbursement Obligation is due); provided, that the Administrative Agent shall not be required to so consent to such withdrawal of funds from any Collateral Account of a Borrower to the extent that after giving effect to such withdrawal, the aggregate undrawn face amount of Tranche A Letters of Credit issued for the account of such Borrower would exceed the Borrowing Base of such Borrower. Any amount withdrawn from a Collateral Account pursuant to the preceding sentence shall be promptly delivered by the applicable Borrower to the Administrative Agent to reimburse the Applicable Issuing Party as set forth above. To the extent that Same Day Funds are received by the Administrative Agent from the applicable Borrower prior to 11:00 a.m. on any Business Day (or the Applicable Time in the case of any Letter of Credit to be reimbursed in an

Alternative Currency), the Administrative Agent shall remit the funds so received to the Applicable Issuing Party on such Business Day; if not received by such time, the Administrative Agent shall remit the funds so received to the Applicable Issuing Party on the next Business Day. Any notice given by the Applicable Issuing Party or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) With respect to any Drawing Request, if Same Day Funds are not received by the Administrative Agent from the applicable Borrower prior to 11:00 a.m. (or the Applicable Time in the case of any Letter of Credit to be reimbursed in an Alternative Currency) on the Honor Date in the amount of such Drawing Request, the Administrative Agent shall promptly notify each applicable Lender of such Drawing Request, the amount of the unreimbursed drawing (the "Unreimbursed Amount") and such Lender's Applicable Percentage of such Unreimbursed Amount. If such Unreimbursed Amount relates to a Letter of Credit issued in an Alternative Currency, such Unreimbursed Amount shall be the Dollar Equivalent (as calculated by the issuing Fronting Bank using the Spot Rate) of the Drawing Request. Each Lender shall make funds available in Dollars to the Administrative Agent for the account of the Applicable Issuing Party at the Administrative Agent's Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent (the "L/C Advance Date"). The Administrative Agent shall remit the funds so received to the Applicable Issuing Party. To the extent that Same Day Funds are received by the Administrative Agent from the Lenders (or the applicable Fronting Bank on behalf of a Participating Bank) with respect to a Several Letter of Credit prior to 2:00 p.m. on the L/C Advance Date, the Administrative Agent shall notify the applicable L/C Administrator and the applicable L/C Administrator shall promptly make such funds available to the beneficiary of such Several Letter of Credit on such date. To the extent that the applicable L/C Administrator has not delivered funds to any beneficiary of a Several Letter of Credit on behalf of a Lender on the L/C Advance Date, if Same Day Funds are received by the Administrative Agent from such Lender: (i) after 2:00 p.m. on the L/C Advance Date, the L/C Administrator shall make such funds available to such beneficiary on the next Business Day; (ii) prior to 2:00 p.m. on any Business Day after the L/C Advance Date, the L/C Administrator shall make those funds available to such beneficiary on such Business Day; and (iii) after 2:00 p.m. on any Business Day after the L/C Advance Date, the applicable L/C Administrator shall make those funds available to such beneficiary on the next Business Day following such Business Day.

(iii) Unless the Administrative Agent or the applicable L/C Administrator receives notice from a Lender prior to any L/C Advance Date with respect to a Several Letter of Credit that such Lender will not make available as and when required hereunder to the Administrative Agent the amount of such Lender's L/C Advance on such L/C Advance Date, the Administrative Agent and the applicable L/C Administrator may assume that such Lender has made such amount available to the Administrative Agent in Same Day Funds on the L/C Advance Date and the applicable L/C Administrator may (but shall not be required), in reliance upon such assumption, make available to the beneficiary of the related Several Letter of Credit on such date such Lender's L/C Advance.

(iv) With respect to any Unreimbursed Amount, the applicable Borrower shall be deemed to have incurred an L/C Advance in the Dollar Equivalent of the Unreimbursed Amount on the Honor Date from (x) in the case of Fronted Letters of Credit, the issuing Fronting Bank and (y) in the case of Several Letters of Credit, from the Lenders to the extent that they have provided funds with respect to such Several Letter of Credit pursuant to Section 2.03(c)(ii), from the applicable Fronting Bank to the extent it has made funds available on behalf of a Participating Bank or from the applicable L/C Administrator to the extent it has made funds available on behalf of a Lender pursuant to Section 2.03(c)(iii). L/C Advances shall be due and payable on the Reimbursement Date and thereafter on demand (together with interest) and shall bear interest at the Base Rate plus the Applicable Rate for Base Rate Loans from the Honor Date to the Reimbursement Date and thereafter at the Default Rate. Each Lender's or Participating Bank's payment to the Administrative Agent for the account of a Fronting Bank pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Advance and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03. Any payment by a Borrower in respect of such L/C Advance shall be made to the Administrative Agent and upon receipt distributed by the Administrative Agent in accordance with Section 2.03(d).

(v) Until each Lender funds its L/C Advance pursuant to this [Section 2.03\(c\)](#), to reimburse a Fronting Bank (or the L/C Administrator pursuant to [Section 2.03\(c\)\(iii\)](#)) for any amount drawn under any Letter of Credit, interest in respect of such Lender's Applicable Percentage of the related L/C Borrowing shall be solely for the account of the relevant Fronting Bank or the relevant L/C Administrator, as applicable.

(vi) Each Lender's obligation to make L/C Advances to reimburse the relevant issuing Fronting Bank (or the applicable L/C Administrator pursuant to [Section 2.03\(c\)\(iii\)](#)) for amounts drawn under Letters of Credit, as contemplated by this [Section 2.03\(c\)](#), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Administrative Agent, any Fronting Bank, any L/C Administrator, any Lender, any Borrower, any beneficiary named in any Letter of Credit, any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting) or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, (C) any lack of validity or enforceability of such Letter of Credit, this Agreement or any other Credit Document, (D) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, (E) the surrender or impairment of any security for the performance or observance of any of the terms of the Credit Documents, (F) any matter or event set forth in [Section 2.03\(b\)\(i\)](#), or (G) any other occurrence, event or condition, whether or not similar to any of the foregoing. No such making of an L/C Advance shall relieve or otherwise impair the obligation of the applicable Borrower to reimburse the respective L/C Issuers for the amount of any payment made by the respective L/C Issuers under any Letter of Credit, together with interest as provided herein.

(vii) If any Lender fails to make available to the Administrative Agent for the account of a Fronting Bank or an L/C Administrator any amount required to be paid by such Lender pursuant to the foregoing provisions of this [Section 2.03\(c\)](#) by the time specified in [Section 2.03\(c\)\(ii\)](#), such Fronting Bank or such L/C Administrator, as the case may be, shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately

available to such Fronting Bank or such L/C Administrator, as the case may be, at a rate per annum equal to the Federal Funds Rate, plus any administrative, processing or similar fees customarily charged by such Fronting Bank or such L/C Administrator in connection with the foregoing. A certificate of such Fronting Bank or such L/C Administrator, as the case may be, submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this [clause \(vii\)](#) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the Applicable Issuing Party has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with [Section 2.03\(c\)](#), if the Administrative Agent receives any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from a Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent pursuant to [Section 2.03\(c\)\(i\)](#) is required to be returned under any of the circumstances described in [Section 10.05](#) (including pursuant to any settlement entered into by the applicable Fronting Bank or other L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of such Fronting Bank or L/C Administrator its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) **Obligations Absolute.** The obligation of a Borrower to reimburse the respective L/C Issuers for each drawing under each Letter of Credit as to each Letter of Credit issued for its account and to repay each related L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Credit Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Parent Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Applicable Issuing Party or any L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to any Borrower or in the relevant currency markets generally;

(v) any payment by the Applicable Issuing Party or L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by any Applicable Issuing Party or L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Parent Borrower or any Subsidiary.

The applicable Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the applicable Borrower's instructions or other irregularity, the applicable Borrower will immediately notify the Applicable Issuing Party. The applicable Borrower shall be conclusively deemed to have waived any such claim against the Applicable Issuing Party and its correspondents and the L/C Issuers unless such notice is given as aforesaid.

(f) **Role of Applicable Issuing Party.** Each Lender and each Borrower agree that, in paying any drawing under a Letter of Credit, the Applicable Issuing Party shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by such Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Applicable Issuing Parties, the L/C Issuers, the Lenders, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of an Applicable Issuing Party or L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Each Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude such Borrower pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Applicable Issuing Parties, the L/C Issuers, the Lenders, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of an Applicable Issuing Party or L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (vi) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the applicable Borrower may have a claim against the Applicable Issuing Party and/or the L/C Issuers, and the Applicable Issuing Party and/or the L/C Issuers may be liable to the applicable Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the applicable Borrower which the applicable Borrower proves were caused by the Applicable Issuing Party's and/or a L/C Issuer's willful misconduct or gross negligence or the Applicable Issuing Party's and/or a L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the Applicable Issuing Party may accept documents that appear on their face to be in order, without responsibility for further

investigation, and neither the Applicable Issuing Party nor any L/C Issuer shall be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. Any L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) **Applicability of ISP and UCP.** Unless otherwise expressly agreed by the Applicable Issuing Party and the applicable Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the ISP shall apply unless, for regulatory purposes, the rules of the UCP must apply. Notwithstanding the foregoing, no L/C Issuer shall be responsible to any Borrower for, and no L/C Issuer's rights and remedies against any Borrower shall be impaired by, any action or inaction of any such L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where such L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade -

International Financial Services Association ("BAFT-IFSA"), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(h) **Letter of Credit Fees; Limitation of Liability.** The applicable Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage in Dollars, a Letter of Credit fee (the "**Letter of Credit Fee**") for each Letter of Credit equal to the Applicable Rate times the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit; provided, however, any Letter of Credit Fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral satisfactory to each Fronting Bank pursuant to this Section 2.03 shall be payable, to the maximum extent permitted by applicable Law, to the other Lenders in accordance with the upward adjustments in their respective Applicable Percentages allocable to such Letter of Credit pursuant to Section 2.16(a)(iv), with the balance of such fee, if any, payable to the issuing Fronting Bank for its own account. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. Letter of Credit Fees shall be (i) due and payable on the tenth Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, (i) while any Event of Default has occurred and is continuing under Section 8.01(e), all Letter of Credit Fees shall accrue at the Default Rate and (ii) if any Letter of Credit Fee is not paid when due (without regard to any applicable grace periods), such amount shall accrue at the Default Rate.

(i) **Fronting Fee and Documentary and Processing Charges Payable to Fronting Banks.**

(i) Each Borrower shall pay directly to each Fronting Bank for its own account in Dollars a fronting fee with respect to each Fronted Letter of Credit issued for the account of such Borrower by such Fronting Bank, at the rate per annum agreed to between the Parent Borrower and such Fronting Bank, computed on the Dollar

Equivalent of the daily amount available to be drawn under such Letter of Credit which fronting fee shall be (i) due and payable on the tenth Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears, it being understood that each Fronting Bank will invoice each Borrower directly for amounts due under this Section 2.03(i). For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. In addition, each Borrower shall pay directly to the Applicable Issuing Party for its own account, in Dollars, the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the issuing Fronting Bank relating to letters of credit as from time to time in effect. Such fees are due and payable on demand and are nonrefundable.

(ii) Each Participating Bank with respect to a Several Letter of Credit shall pay to the applicable Fronting Bank a fronting fee (the "**Several L/C Fronting Fee**") computed on the risk participation purchased by such Participating Bank from such Fronting Bank with respect to such Several Letter of Credit at the rate per annum specified in the fee letter between such Participating Bank and such Fronting Bank. Unless otherwise agreed between such Participating Bank, such Fronting Bank and the Administrative Agent, the Several L/C Fronting Fee shall be paid quarterly in arrears and each Fronting Bank will invoice the Participating Banks for any Several L/C Fronting Fees owed to it.

(j) **Conflict with Issuer Documents.** In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

2.04 Prepayments; Cash Collateralization.

(a) The Parent Borrower, ACUS, MI or any other Tranche B Designated Subsidiary Borrower, as applicable, may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty; provided that (i) such notice must be in a form acceptable to the Administrative Agent and be received not later than 11:00 a.m. (A) three U.S. Government Securities Business Days prior to any date of prepayment of Term SOFR Loans denominated in Dollars, (B) four Business Days (or five, in the case of prepayment of Loans denominated in Special Notice Currencies) prior to any date of prepayment of Loans denominated in Alternative Currencies, and (C) on the date of prepayment of Base Rate Loans; (ii) any prepayment of Term SOFR Loans denominated in Dollars shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; (iii) any prepayment of Loans denominated in Alternative Currencies shall be in a minimum principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; and (iv) any prepayment of Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire

principal amount thereof then outstanding; provided, further, that a notice of prepayment may state that such notice is conditioned upon the effectiveness of any other credit facility or the closing of any securities offering, in which case such notice may be revoked (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Term SOFR Loans or Alternative Currency Term Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Tranche B Lender or Term Lender, as applicable of its receipt of each such notice, and of the amount of such Tranche B Lender's or Term Lender's, as applicable, Applicable Percentage of such prepayment. The Parent Borrower, ACUS, MI or any other Tranche B Designated Subsidiary Borrower, as applicable, shall make such prepayment and the payment amount specified in such notice shall

be due and payable on the date specified therein. Any prepayment of a Term SOFR Loan or an Alternative Currency Term Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Each such prepayment of Revolving Loans shall be applied to the Revolving Loans of the Tranche B Lenders in accordance with their respective Applicable Percentages. Each such prepayment of Term Loans shall be applied to the Term Loans of the Term Lenders in accordance with their respective Applicable Percentages.

(b) If at any time the Outstanding Amount of Tranche B Obligations exceeds the aggregate Tranche B Commitments then in effect, promptly after the Administrative Agent's giving the Parent Borrower notice of such excess, the Parent Borrower, MI and/or ACUS, as applicable, shall (or shall cause one or more Tranche B Designated Subsidiary Borrowers to), (x) prepay Loans and/or (y) Cash Collateralize the Tranche B L/C Obligations in an aggregate amount such that the Outstanding Amount of Tranche B Obligations does not exceed the aggregate Tranche B Commitments then in effect.

(c) If the Tranche B Obligations are accelerated pursuant to Section 8.02, and until the final expiration date of all Tranche B Letters of Credit and thereafter so long as any Tranche B L/C Obligations are payable hereunder, the applicable Borrower shall immediately cash collateralize its Tranche B Letters of Credit with Cash and Cash Equivalents in an amount equal to 102% of the outstanding Tranche B L/C Obligations and shall deposit such Cash and Cash Equivalents in a special collateral account pursuant to arrangements satisfactory to the Administrative Agent at the Administrative Agent's office in the name of the Parent Borrower, ACUS, ARC, ARL, MI or any other Tranche B Designated Subsidiary Borrower, as applicable, but under the sole dominion and control of the Administrative Agent, for the benefit of the Administrative Agent, the Fronting Banks with respect to the Tranche B Letters of Credit and the Tranche B Lenders.

(d) Upon the request of any Tranche B Borrower made within two Business Days following any Revaluation Date, the Administrative Agent will, so long as no Default then exists, release Cash Collateral of such Tranche B Borrower to such Tranche B Borrower to the extent that such Cash Collateral is no longer required pursuant to Section 2.04(b) or (c), as applicable.

(e) The Administrative Agent or the Applicable Issuing Party may, at any time and from time to time after the initial deposit of Cash Collateral pursuant to Section 2.04(b) or (c), request additional Cash Collateral to the extent the amount of Cash Collateral provided pursuant thereto is less than the amount required pursuant to such Sections due to the exchange rate fluctuations.

(f) If at any time a Tranche A Designated Subsidiary Borrower's Borrowing Base is less than the Tranche A L/C Obligations attributable to such Tranche A Designated Subsidiary Borrower at such time, such Tranche A Designated Subsidiary Borrower shall as promptly as possible (and in any event within three Business Days) deposit into its Collateral Account Cash and Eligible Securities or reduce its Tranche A L/C Obligations, or a combination of the foregoing, in an amount sufficient to eliminate such excess.

(g) So long as no Default then exists, if a Tranche A Designated Subsidiary Borrower's Borrowing Base is greater than the Tranche A L/C Obligations attributable to such Tranche A Designated Subsidiary Borrower, upon the request of such Tranche A Designated Subsidiary Borrower made within two Business Days following any Revaluation Date, the Administrative Agent shall consent to the withdrawal of Cash and Eligible Securities from the Collateral Account of such Tranche A Designated Subsidiary Borrower in an aggregate amount equal to such excess for delivery to such Tranche A Designated Subsidiary Borrower.

(h) If at any time the Tranche A Commitments are less than the Tranche A L/C Obligations attributable to one or more Tranche A Designated Subsidiary Borrowers at such time, such Tranche A Designated Subsidiary Borrowers shall as promptly as possible (and in any event within three Business Days) deposit into its Collateral Account Cash and Eligible Securities or reduce its Tranche A L/C Obligations, or a combination of the foregoing, in an amount sufficient to eliminate such excess.

2.05 Termination or Reduction of Commitments.

(a) The Parent Borrower may, upon notice to the Administrative Agent, terminate, or from time to time permanently reduce, the Tranche A Commitments or the Tranche B Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Parent Borrower shall not terminate or reduce the Tranche A Commitments if, after giving effect thereto the Tranche A L/C Obligations would exceed the amount of the aggregate Tranche A Commitments then in effect, and (iv) the Parent Borrower shall not terminate or reduce the Tranche B Commitments if, after giving effect thereto, the Tranche B Obligations would exceed the aggregate Tranche B Commitments then in effect; provided, further, that a notice of termination or reduction may state that such notice is conditioned upon the effectiveness of any other credit facility or the closing of any securities offering, in which case such notice may be revoked (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Commitments. Any reduction of the Commitments shall be applied to the Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Commitments shall be paid on the effective date of such termination.

(b) The Tranche B Commitments will be automatically reduced on the Term Loan Conversion Date by an amount equal to the aggregate principal amount of the Term Loans on such date.

2.06 Repayment of Loans. The Parent Borrower, ACUS, MI and each Tranche B Designated Subsidiary Borrower, as applicable, shall repay to the Lenders on the Maturity Date the aggregate principal amount of all Loans outstanding on such date.

2.07 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Term SOFR Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to Term SOFR for such Interest Period plus the Applicable Rate; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; (iii) each Alternative Currency Daily Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Alternative Currency Daily Rate plus the Applicable Rate; and (iv) each Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Alternative Currency Term Rate for such Interest Period plus the Applicable Rate.

(b) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(i) If any amount (other than principal of any Loan) payable by a Loan Party under any Credit Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.08 Fees. In addition to certain fees described in subsections (h) and (i) of Section 2.03:

(a) **Commitment Fee.** The Parent Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage, a commitment fee equal to (i) in the case of the Tranche A Commitments, the Applicable Rate times the actual daily amount by which the combined Tranche A Commitments exceed the Tranche A L/C Obligations and (ii) in the case of the Tranche B Commitments, the Applicable Rate times the actual daily amount by which the combined Tranche B Commitments exceed the Tranche B Obligations. The commitment fee shall accrue at all times during the Availability Period (excluding the last day thereof), including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the tenth Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that

such Applicable Rate was in effect. All commitment fees in respect of the portion of the Tranche B Commitment reduced pursuant to Section 2.05(b) and accrued until the Term Loan Conversion Date shall be paid on the Term Loan Conversion Date.

(b) Other Fees. The Borrowers shall pay to the Arranger and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.09 Computation of Interest and Fees. All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to Term SOFR) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year), or, in the case of interest in respect of Loans denominated in Alternative Currencies as to which market practice differs from the foregoing, in accordance with such market practice. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.11(a), bear interest for one day. Each determination by the Administrative Agent of

an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.10 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Parent Borrower, ACUS, MI and each other applicable Tranche B Designated Subsidiary Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note(s) and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.11 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder (i) in the case of principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, (ii) in the case of Fronted Letters of Credit, to the Administrative Agent, for the account of the issuing Fronting Bank, at the applicable Administrative Agent's Office in Dollars or the applicable Alternative Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein and (iii) in the case of Several Letters of Credit, to the Administrative Agent, for the account of the Lenders who have issued such Letter of Credit in each case at the applicable Administrative Agent's Office in Same Day Funds not later than the time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in an

Alternative Currency, such Borrower shall make such payment in Dollars equal to the Dollar Equivalent of the Alternative Currency payment amount. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i)

after 2:00 p.m., in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by any Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) **Funding by Lenders; Presumption by Administrative Agent.** Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Term SOFR Loans or Alternative Currency Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in Same Day Funds with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the Overnight Rate, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by such Borrower, the interest rate applicable to Base Rate Loans. If such Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by such Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(i) **Payments by Borrowers; Presumptions by Administrative Agent.** Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Fronting Banks hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or such Fronting Bank, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or such Fronting Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Fronting Bank, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Overnight Rate.

A notice of the Administrative Agent to any Lender or any Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) **Failure to Satisfy Conditions Precedent.** If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) **Obligations of Lenders Several.** The obligations of the Lenders hereunder to make Loans, to fund Several Letters of Credit, to purchase participations in Letters of Credit and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any Several Letter of Credit, to purchase a participation in any Letter of Credit or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to fund a Several Letter of Credit, to purchase its participation in a Letter of Credit or make its payment under Section 10.04(c).

(e) **Funding Source.** Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.12 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or in L/C Obligations held by it, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or L/C Obligations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and participations or subparticipations in L/C Obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance

with the aggregate amount of principal of and accrued interest on their respective Total Outstandings and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of a Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) the application of Cash Collateral provided for in Section 2.15, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations to any assignee or participant, other than an assignment to the Parent Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

2.13 Designated Subsidiary Borrowers.

(a) The Parent Borrower may at any time, upon not less than 10 Business Days' notice to the Administrative Agent (or such shorter notice as the Administrative Agent may, in its sole discretion, permit), request to designate any additional Subsidiary of the Parent Borrower (an "Applicant Borrower") as a Tranche A Designated Subsidiary Borrower by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Tranche A Lender) a duly executed notice and agreement in substantially the form of Exhibit H (a "Designated Subsidiary Borrower Request and Assumption Agreement"). The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the Tranche A Commitments, such Applicant Borrower shall have executed a joinder to the Security Agreement and a Control Agreement (or joinder thereto) and the Administrative Agent and the Tranche A Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent or the Majority Tranche A Lenders in their sole discretion, including all documents and information required by regulatory authorities under applicable "know-your-customer" rules and regulations with respect to the Applicant Borrower. If the Administrative Agent and the Tranche A Lenders agree that an Applicant Borrower shall be a Tranche A Designated Subsidiary Borrower under the Tranche A Commitments, then promptly following receipt of all such Security Documents and requested resolutions, incumbency certificates, opinions of counsel and other documents or information, the Administrative Agent shall send a notice in substantially the form of Exhibit I (a "Designated Subsidiary Borrower Notice") to the Parent Borrower and the Tranche A Lenders specifying the effective date upon which such Applicant Borrower shall constitute a Tranche A Designated Subsidiary Borrower under the Tranche A Commitments, whereupon each of the Tranche A Lenders agrees to permit such Tranche A Designated Subsidiary Borrower to obtain Tranche A Letters of Credit hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Tranche A Designated Subsidiary Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided any such effective date shall not be sooner than five Business Days after the Administrative Agent and the Tranche A Lenders have received all such Security Documents and requested resolutions, incumbency certificates, opinions of counsel and other documents or information.

(b) The Parent Borrower may at any time, upon not less than 10 Business Days' notice to the Administrative Agent (or such shorter notice as the Administrative Agent may, in its sole discretion, permit), designate any Applicant Borrower as a Tranche B Designated Subsidiary Borrower by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Tranche B Lender) a duly executed Designated Subsidiary Borrower Request and Assumption Agreement with appropriate changes to reflect whether such Applicant Borrower may obtain Revolving Loans and/or Tranche B Letters of Credit. The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the Tranche B Commitments, the Parent Guaranty shall be amended to provide that the Parent Borrower shall guarantee all Obligations of such Tranche B Designated Subsidiary Borrower and the Applicant Borrower shall have delivered to the Administrative Agent and the Tranche B Lenders (i) such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent and (ii) all documents and information required by regulatory authorities under applicable "know-your-customer" rules and regulations, in each case, with respect to the Applicant Borrower. Promptly following receipt of the Parent Guaranty amendment and all requested resolutions, incumbency certificates, opinions of counsel and other documents or information, the Administrative Agent shall send a

Designated Subsidiary Borrower Notice to the Parent Borrower and the Tranche B Lenders specifying the effective date upon which such Applicant Borrower shall constitute a Tranche B Designated Subsidiary Borrower, whereupon each of the Tranche B Lenders agrees to permit such Tranche B Designated Subsidiary Borrower to obtain Tranche B Letters of Credit and/or Revolving Loans hereunder, as the case may be, on

the terms and conditions set forth herein, and each of the parties agrees that such Tranche B Designated Subsidiary Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided that no request for a Credit Extension may be submitted by or on behalf of such Tranche B Designated Subsidiary Borrower until the date five Business Days after such effective date (or such shorter period as may be acceptable to the Tranche B Lenders).

(c) In addition to the conditions set forth in clause (b), an Applicant Borrower that would qualify as a Tranche B Designated Subsidiary Borrower shall not be a Tranche B Designated Subsidiary Borrower hereunder if the Administrative Agent gives written notice to the Applicant Borrower and the Tranche B Lenders, prior to the effective date of such Applicant Borrower becoming a Tranche B Designated Subsidiary Borrower, that it has reasonably determined that the addition of such Applicant Borrower would (i) violate any applicable Law or (ii) have any material adverse effect on the Tranche B Lenders.

(d) Except as expressly set forth in Sections 10.04(a) and 10.04(b), the Obligations of the Parent Borrower (except as otherwise provided herein or in any other Credit Document) and the Obligations of each Designated Subsidiary Borrower shall be several in nature and no Designated Subsidiary Borrower will be liable for the Obligations of another Borrower.

(e) Each Subsidiary of the Parent Borrower that is or becomes a "Designated Subsidiary Borrower" pursuant to this Section 2.13 hereby irrevocably appoints the Parent Borrower as its agent for all purposes relevant to this Agreement and each of the other Credit Documents, including (i) the giving and receipt of notices and (ii) the execution and delivery of all documents, instruments and certificates contemplated herein and all modifications hereto. Any acknowledgment, consent, direction, certification or other action which might otherwise be valid or effective only if given or taken by all Borrowers, or by each Borrower acting singly, shall be valid and effective if given or taken only by the Parent Borrower, whether or not any such other Borrower joins therein. Any notice, demand, consent, acknowledgement, direction, certification or other communication delivered to the Parent Borrower in accordance with the terms of this Agreement shall be deemed to have been delivered to each Designated Subsidiary Borrower.

(f) The Parent Borrower may from time to time, upon not less than 5 Business Days' notice from the Parent Borrower to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), terminate a Designated Subsidiary Borrower's status as such, provided that there are no outstanding Letters of Credit issued for the account of such Designated Subsidiary Borrower or other amounts payable by such Designated Subsidiary Borrower on account of any Letters of Credit issued for its account or Loans outstanding to such Designated Subsidiary Borrower, as of the effective date of such termination. Upon termination of a Designated Subsidiary Borrower's status as such, the Administrative Agent will promptly notify the Lenders of such termination and will release (i) such Designated Subsidiary Borrower from its obligations under this Agreement and any other Credit Document, (ii) all Collateral provided by such Designated Subsidiary Borrower and (iii) if applicable, the Parent Borrower from the Parent Guaranty solely with respect to the obligations of such Designated Subsidiary Borrower; provided that termination of ACUS as a Designated Subsidiary Borrower shall not release ACUS from its obligations under the ACUS Guaranty.

2.14 Increase in Commitments.

(a) Request for Increases to Commitments. The Parent Borrower shall have the right at any time prior to the date that is 30 days prior to the Maturity Date to increase the Commitments hereunder to an amount not exceeding \$1,500,000,000 in the aggregate; provided that the Parent Borrower shall not request more than five (5) such increases in the aggregate during the term of this Agreement. Any such increase may be effected (x) by including as a Lender hereunder with a new Commitment any Person that would be an Eligible Assignee and/or (y) by having one or more existing Lenders increase their Commitments then in effect (with the consent of each such Lender in its sole discretion) (each such new or increasing Lender, a "Supplemental Lender"); provided that (A) each Supplemental Lender shall be subject to the approvals of the Administrative Agent and the Fronting Banks (which approvals shall not be unreasonably withheld or delayed) if such approvals would be required under Section 10.06(b)(iii) for an assignment to such Supplemental Lender, (B) such Commitment of any Supplemental Lender that is not an existing Lender shall be in an amount of at least \$25,000,000, (C) the aggregate amount of the increase of the Commitments effected on any day shall be at least \$25,000,000, and (D) if such Supplemental Lender will be a Participating Bank, a Fronting Bank shall have agreed to front for such Supplemental Lender under Several Letters of Credit on terms satisfactory to such Fronting Bank.

(b) Required Supplemental Lender Documentation. Each such Supplemental Lender shall enter into an agreement in form and substance reasonably satisfactory to the Parent Borrower and the Administrative Agent and its counsel pursuant to which such Supplemental Lender shall, as of the effective date of such increase in the Commitments (which shall be a Business Day and, unless the Administrative Agent otherwise agrees, on which no issuance, amendment, renewal or extension of any Letter of Credit is scheduled to occur or no Borrowing is scheduled to be made, each a "Supplemental Commitment Date"), undertake a Commitment (or, if any such Supplemental Lender is an existing Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date) and such Supplemental Lender shall thereupon become (or continue to be) a "Lender" for all purposes hereof.

(c) Conditions to Effectiveness of Increase. Notwithstanding the foregoing, no increase in the aggregate Commitments hereunder pursuant to this Section shall be effective unless:

(i) the Parent Borrower shall have given the Administrative Agent notice of any such increase at least 10 Business Days prior to the applicable Supplemental Commitment Date (or such shorter period acceptable to the Administrative Agent in its sole discretion);

(ii) no Event of Default shall have occurred and be continuing on the applicable Supplemental Commitment Date; and

(iii) the Parent Borrower shall have delivered to the Administrative Agent a certificate of each Borrower under the Commitment being increased dated as of the Supplemental Commitment Date signed by a Responsible Officer of such Borrower (x) certifying and attaching the resolutions adopted by such Borrower approving or consenting to such increase, and (y) certifying that, before and after giving effect to such increase, (A) each of the representations and warranties of the Borrowers contained in this Agreement and the other Credit Documents shall be true in all material respects on and as of the applicable Supplemental Commitment Date with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date); and (B) no Event of Default has occurred and is continuing.

(d) Revised Percentages and Letter of Credit Amendments. The Administrative Agent shall promptly notify the Lenders of the new Applicable Percentages after giving effect to the increase in the Commitments on the Supplemental Commitment Date. Promptly after the Supplemental Commitment Date, the L/C Administrators shall amend the outstanding Several Letters of Credit under the Commitment being increased to reflect the new "Commitment share" of each Lender (including the Supplemental Lenders) and prior to the date a Several Letter of Credit has been amended to give effect to such new "Commitment share," each Supplemental Lender shall be deemed to irrevocably and unconditionally purchase from each Lender who has issued such Several Letter of Credit, a risk participation in such Several Letter of Credit in an amount such that after giving effect to such purchase, each Lender (including the Supplemental Lender) has its Applicable Percentage of such Several Letter of Credit. In the event of an increase in the Tranche B Commitments, on the Supplemental Commitment Date, the Administrative Agent will reallocate the Revolving Loans among the Tranche B Lenders to reflect the new Applicable Percentages of the Tranche B Lenders, each Supplemental Lender shall pay the Administrative Agent its Applicable Percentage of the outstanding Revolving Loans and the Administrative Agent shall distribute such amount to the non-increasing Lenders so that after such distribution, all Tranche B Lenders' share of the Tranche B Obligations are pro rata based on their Applicable Percentage of the Tranche B Commitments and the Parent Borrower shall pay compensation, if any, to the Tranche B Lenders under Section 3.05 resulting from such reallocation as if such reallocation were a prepayment.

(e) Conflicting Provisions. This Section shall supersede any provisions in Section 2.12 or 10.01 to the contrary.

2.15 Cash Collateral.

(a) Certain Credit Support Events. At any time that a Tranche B Lender is a Defaulting Lender, within two Business Days following written notice of the Administrative Agent or a Fronting Bank, the applicable Tranche B Designated Subsidiary Borrowers shall deliver to the Administrative Agent Cash Collateral or Cash Equivalents in an amount sufficient to cover 100% of all Fronting Exposure of such Fronting Bank with respect to Tranche B Letters of Credit of such Defaulting Lender issued for the account of such Tranche B Designated Subsidiary Borrower (after giving effect to Section 2.16(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained (x) in the case of funds deposited by a Borrower, in a blocked deposit or securities account at the Administrative Agent or such other financial institution as is reasonably acceptable to the Administrative Agent (each, a "Borrower L/C Collateral Account"), which shall be invested in Eligible Securities and (y) in the case of Cash Collateral provided by a Defaulting Lender, in blocked, non-interest bearing deposit accounts at the Administrative Agent. Each Borrower under the Tranche A Commitments or the Tranche B Commitments, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the Fronting Banks (with respect to Tranche B Letters of Credit, in the case of a Borrower under the Tranche B Commitments) and the Tranche A Lenders or Tranche B Lenders, as applicable, a first priority security interest in all such cash and deposit accounts and all balances in its Borrower L/C Collateral Account, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations of such Borrower under the Tranche A Commitments or the Tranche B Commitments, as applicable, to which such Cash Collateral may be applied pursuant to Section 2.15(c) and shall execute such additional documents as the Administrative Agent may reasonably request to ensure that the Administrative Agent, for the benefit of the Administrative Agent, the Fronting Banks (with respect to Tranche B Letters of Credit, in the case of a Borrower under the Tranche B Commitments) and the Lenders under the Tranche A Commitments or the

Tranche B Commitments, as applicable, has a first priority security interest in such Cash Collateral. To the extent Cash Collateral is provided by any Defaulting Lender, such Defaulting Lender hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the applicable Fronting Banks and the applicable Lenders, a first priority security interest in all cash, deposit accounts and all balances in such accounts, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to [Section 2.15\(c\)](#). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure and other obligations secured thereby, the applicable Borrower or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) **Application.** Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this [Section 2.15](#) or [Sections 2.03, 2.04, 2.16](#) or [8.02](#) in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) **Release.** Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with [Section 10.06\(b\)\(vi\)\)](#)) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of a Borrower shall not be released during the continuance of a Default (and following application as provided in this [Section 2.15](#) may be otherwise applied in accordance with [Section 8.03](#)), and (y) the Person providing Cash Collateral and the applicable Fronting Bank may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.16 Defaulting Lenders.

(a) **Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) **Waivers and Amendments.** That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in [Section 10.01](#).

(ii) **Reallocation of Payments.** Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to [Article VIII](#) or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to [Section 10.08](#)), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender (including amounts owed in its capacity as a Participating Bank) to the Fronting Banks hereunder; *third*, if so determined by the Administrative Agent or requested by a Fronting

Bank, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Fronted Letter of Credit or Several Letter of Credit as to which it is a Participating Bank; *fourth*, as the Parent Borrower may request (so long as no Default has occurred and is continuing), to the funding of any Loan or Cash Collateralization of any Several Letter of Credit in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Parent Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans or Several Letters of Credit under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders or the Fronting Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender or any Fronting Bank against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default has occurred and is continuing, to the payment of any amounts owing to the applicable Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans or L/C Borrowings were made at a time when the conditions set forth in [Section 4.02](#) were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Borrowings owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Borrowings owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting

Lender that are applied (or held) to pay any amount owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.16(a), (ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents thereto.

(iii) Certain Fees. That Defaulting Lender (x) shall not be entitled to receive a commitment fee pursuant to Section 2.08(a), and (y) shall be limited in its right to receive Letter of Credit Fees as provided in Section 2.03(h).

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each Non-Defaulting Lender to acquire, refinance or fund participations in Fronted Letters of Credit pursuant to Section 2.03, the "Applicable Percentage" of each Non-Defaulting Lender shall be computed without giving effect to the Commitment of that Defaulting Lender; provided, that, (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default has occurred and is continuing; and (ii) such reallocation shall be given effect only to the extent that the aggregate obligation of each Non-Defaulting Lender to issue, acquire, refinance or fund participations in Letters of Credit shall not exceed the positive difference, if any, of (1) the Commitment of that Non-Defaulting Lender minus (2) the aggregate Outstanding Amount of that Lender. Subject to Section 10.21, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(b) Defaulting Lender Cure. If the Parent Borrower, the Administrative Agent and the Fronting Banks agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties

hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.16(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of a Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

2.17 Conversion of Revolving Loans.

(a) Conversion to Term Loans. The Parent Borrower shall have the right, on one occasion during the Availability Period, to convert all, or a portion of, the outstanding Revolving Loans of the Parent Borrower and/or ACUS to term loans (the "Term Loans") in Dollars; provided that any Revolving Loans denominated in Euro or Sterling shall be (if the Parent Borrower requests to convert them into Term Loans) converted to an amount in Dollars at the Spot Rate determined on the Business Day prior to the Term Loan Conversion Date. For the avoidance of doubt, the Term Loans shall have no scheduled amortization and all other terms, including pricing and maturity, shall be identical to the Revolving Loans (except for the ability to reborrow Loans once repaid).

(b) Notice of Conversion. To make an election to convert under this Section 2.17 the Parent Borrower must notify the Administrative Agent in an irrevocable notice of its election to convert such Revolving Loans (a "Notice of Conversion"). A Notice of Conversion under this Section 2.17 shall be given least five Business Days before the date of the requested conversion and shall (i) identify whether the Parent Borrower, ACUS or both will be the Borrower(s) whose Revolving Loans are to be converted to Term Loans, (ii) the amount of Revolving Loans that will be converted to Term Loans and (iii) indicate the effective date of the conversion (the "Term Loan Conversion Date"), which must be a Business Day.

ARTICLE III. TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of a Borrower under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the applicable Withholding Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Borrower, then the Administrative Agent or such Borrower shall be entitled to make such deduction or withholding, taking into account the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Borrower or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the applicable

Withholding Agent shall withhold or make such deductions as are determined in good faith by the applicable Withholding Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the applicable Withholding Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by such Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Borrower or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Borrower or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined in good faith by it to be required, taking into account the information and documentation it has received pursuant to subsection (e) below, (B) such Borrower or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by such Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, each Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications. The applicable Borrower shall indemnify the applicable Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Parent Borrower by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, a Fronting Bank or an L/C Issuer, shall be conclusive absent manifest error.

(i) Each Lender, Fronting Bank and L/C Issuer shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender, Fronting Bank or L/C Issuer (but only to the extent that a Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (y) the Administrative Agent against any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (z) the Administrative Agent against any Excluded Taxes attributable to such Lender, Fronting Bank or L/C Issuer, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such

payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender, Fronting Bank and L/C Issuer hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, Fronting Bank or L/C Issuer, as the case may be, under this Agreement or any other Credit Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. Upon request by any Borrower or the Administrative Agent, as the case may be, after any payment of Taxes by such Borrower or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, such Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to such Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to such Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Recipient that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Parent Borrower and the Administrative Agent, at the time or times reasonably requested by the Parent Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Parent Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Parent Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Parent Borrower or the Administrative Agent as will enable the Parent Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. For purposes of determining withholding taxes imposed under FATCA, from and after the date of the Existing Credit Agreement, the Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Parent Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally eligible to do so, deliver to the Parent Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed copies of IRS Form W-8BEN or, if applicable, W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN or, if applicable, W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Parent Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and that no payments under any Credit Documents are effectively connected with the Foreign Lender's conduct of a United States trade or business (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner (for example, where such Foreign Lender is a partnership or a participating Lender), executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or, if applicable, W-8BEN-E, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership (and not a participating Lender) and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of such direct and indirect partner(s);

(C) any Foreign Lender shall, to the extent it is legally eligible to do so, deliver to the Parent Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Parent Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Parent Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Parent Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Parent Borrower

or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Parent Borrower or the Administrative Agent as may be necessary for the Parent Borrower and the Administrative Agent to comply with their obligations under FATCA, to determine whether such Lender has complied with such Lender's obligations under FATCA and to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the close of this Agreement.

(iii) Each Lender agrees that if any documentation it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall promptly update such documentation or promptly notify the Parent Borrower and the Administrative Agent in writing of its legal ineligibility to do so.

(iv) Any Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence opposite its name on its signature page hereto or its Assignment and Assumption; and having done so, such Lender shall have complied with its obligations under this Section 3.01(e).

(v) For purposes of this Section 3.01(e), the term "Lender" includes any L/C Issuer and any recipient of any payment under the Fee Letter.

(f) **Treatment of Certain Refunds.** Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Recipient, or have any obligation to pay to any Recipient, any refund of Taxes withheld or deducted from funds paid for the account of such Recipient, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by a Borrower or with respect to which a Borrower has paid additional amounts pursuant to this Section 3.01, it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that such Borrower, upon the request of the Recipient, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to a Borrower pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Borrower or any other Person.

(g) **Survival.** Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, a Fronting Bank or an L/C Issuer, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to SOFR, Term SOFR or a Relevant Rate (whether denominated in Dollars or an Alternative Currency), or to determine or charge interest rates based upon SOFR, Term SOFR or a Relevant Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars or any Alternative Currency in the applicable interbank market, then, on notice thereof by such Lender to the Parent Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue Loans in the affected currency or currencies or, in the case of Term SOFR Loans denominated in Dollars, to convert Base Rate Loans to Term SOFR Loans shall be suspended, and (ii) in the case of Term SOFR Loans denominated in Dollars, if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Term SOFR component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Term SOFR component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Parent Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay all Loans made in the affected currency or currencies, or, if applicable and such

Loans are Term SOFR Loans denominated in Dollars, convert all such Term SOFR Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Term SOFR component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon SOFR or Term SOFR, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Term SOFR component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon SOFR or Term SOFR. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates.

(a) If in connection with any request for a Term SOFR Loan or a conversion of Base Rate Loans to Term SOFR Loans or a continuation of any such Loans, as applicable, (i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate has been determined in accordance with Section 3.03(b), and the circumstances under clause (i) of Section 3.03(b) or the Scheduled Unavailability Date has occurred, or (B) adequate and reasonable means do not otherwise exist for determining Term SOFR for any requested Interest Period with respect to a proposed Term SOFR Loan or in connection with an existing or proposed Base Rate Loan, or (ii) the Administrative Agent or the Required Lenders determine that for any reason that Term SOFR for any requested Interest Period with respect to a proposed Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Parent Borrower and each Lender.

Thereafter, (x) the obligation of the Lenders to make or maintain Term SOFR Loans, or to convert Base Rate Loans to Term SOFR Loans, shall be suspended (to the extent of the affected Term SOFR Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Term SOFR component of the Base Rate, the utilization of the Term SOFR component in determining the Base Rate shall be suspended, in

each case until the Administrative Agent (or, in the case of a determination by the Required Lenders described in clause (ii) of this Section 3.03(a), until the Administrative Agent upon instruction of the Required Lenders) revokes such notice.

Upon receipt of such notice, (i) the Parent Borrower may revoke any pending request for a Borrowing of, or conversion to, or continuation of Term SOFR Loans (to the extent of the affected Term SOFR Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein and (ii) any outstanding Term SOFR Loans shall be deemed to have been converted to Base Rate Loans immediately at the end of their respective applicable Interest Period.

(b) Replacement of Term SOFR or Successor Rate. Notwithstanding anything to the contrary in this Agreement or any other Credit Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Parent Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Parent Borrower) that the Parent Borrower or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining one month and three month interest periods of Term SOFR, including, without limitation, because the Term SOFR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) CME or any successor administrator of the Term SOFR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent or such administrator with respect to its publication of Term SOFR, in each case acting in such capacity, has made a public statement identifying a specific date after which one month and three month interest periods of Term SOFR or the Term SOFR Screen Rate shall or will no longer be made available, or permitted to be used for determining the interest rate of U.S. dollar denominated syndicated loans, or shall or will otherwise cease; provided, that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide such interest periods of Term SOFR after such specific date (the latest date on which one month and three month interest periods of Term SOFR or the Term SOFR Screen Rate are no longer available permanently or indefinitely, the "Scheduled Unavailability Date"); then, on a date and time determined by the Administrative Agent (any such date, the "Term SOFR Replacement Date"), which date shall be at the end of an Interest Period or on the relevant interest payment date, as applicable, for interest calculated and, solely with respect to clause (ii) above, no later than the Scheduled Unavailability Date, Term SOFR will be replaced hereunder and under any Credit Document with, Daily Simple SOFR plus the SOFR Adjustment for any payment period for interest calculated that can be determined by the Administrative Agent, in each case, without any amendment to, or further action or consent of any other party to, this Agreement or any other Credit Document (the "Successor Rate").

If the Successor Rate is Daily Simple SOFR plus the SOFR Adjustment, all interest payments will be payable on a monthly basis.

Notwithstanding anything to the contrary herein, (i) if the Administrative Agent determines that Daily Simple SOFR is not available on or prior to the Term SOFR Replacement Date, or (ii) if the events or circumstances of the type described in Section 3.03(b)(i) or (ii) have occurred with respect to the Successor Rate then in effect, then in each case, the Administrative Agent and the Parent Borrower may amend this Agreement solely for the purpose of replacing Term SOFR or any then current Successor Rate in accordance with this Section 3.03 at the end

of any Interest Period, relevant interest payment date or payment period for interest calculated, as applicable, with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities syndicated and agented in the United States for such alternative benchmark. and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities syndicated and agented in the United States for such benchmark, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated. For the avoidance of doubt, any such proposed rate and adjustments, shall constitute a "Successor Rate". Any such amendment shall become effective at 5:00 p.m. (New York time) on the fifth (5th) Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.

(c) (i) If in connection with any request for an Alternative Currency Loan or a continuation of any of such Loans, as applicable, (A) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (x) no Alternative Currency Successor Rate for the Relevant Rate for the applicable currency has been determined in accordance with Section 3.03(c)(ii) and the circumstances under clause (x) of Section 3.03(c)(ii) or the Alternative Currency Scheduled Unavailability Date has occurred with respect to such Relevant Rate (as applicable), or (y) adequate and reasonable means do not otherwise exist for determining the Relevant Rate for the applicable currency for any determination date(s) or requested Interest Period, as applicable, with respect to a proposed Alternative Currency Loan, or (B) the Administrative Agent or the Required Lenders determine that for any reason that the Relevant Rate with respect to a proposed Loan denominated in an a currency for any requested Interest Period or determination date(s) does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Parent Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Loans in the affected currencies, as applicable, shall be suspended in each case to the extent of the affected Alternative Currency Loans or Interest Period or determination date(s), as applicable, in each case until the Administrative Agent (or, in the case of a determination by the Required Lenders described in clause (B) of this Section, until the Administrative Agent upon instruction of the Required Lenders) revokes such notice.

Upon receipt of such notice, (A) the Parent Borrower may revoke any pending request for a Borrowing of, or continuation of Alternative Currency Loans to the extent of the affected Alternative Currency Loans or Interest Period or determination date(s), as applicable or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans denominated in Dollars in the Dollar Equivalent of the amount specified therein and (B) any outstanding affected Alternative Currency Loans, at the Parent Borrower's election, shall either (1) be converted into a Borrowing of Base Rate Loans denominated in Dollars in the Dollar Equivalent of the amount of such outstanding Alternative Currency Loan immediately, in the case of an Alternative Currency Daily Rate Loan or at the end of the applicable Interest Period, in the case of an Alternative Currency Term Rate Loan or (2) be prepaid in full immediately, in the case of an Alternative Currency Daily Rate Loan, or at the end of the applicable Interest Period, in the case of an Alternative Currency Term Rate Loan; provided that if no election is made by the Parent Borrower (x) in the case of an Alternative Currency Daily Rate Loan, by the date that is three Business Days after receipt by the Borrower of such notice or (y) in the case of an Alternative Currency Term Rate Loan, by the last day of the current Interest Period for the applicable Alternative Currency Term Rate Loan, the Parent Borrower shall be deemed to have elected clause (1) above.

(ii) Replacement of Relevant Rate or Alternative Currency Successor Rate. Notwithstanding anything to the contrary in this Agreement or any other Credit Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Parent Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Parent Borrower) that the Parent Borrower or Required Lenders (as applicable) have determined, that:

(x) adequate and reasonable means do not exist for ascertaining the Relevant Rate for an Alternative Currency because none of the tenors of such Relevant Rate (including any forward-looking term rate thereof) is available or published on a current basis and such circumstances are unlikely to be temporary; or

(y) the Applicable Authority has made a public statement identifying a specific date after which all tenors of the Relevant Rate for an Alternative Currency (including any forward-looking term rate thereof) shall or will no longer be representative or made

available, or used for determining the interest rate of loans denominated in such Alternative Currency, or shall or will otherwise cease, provided that, in each case, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent that will continue to provide such representative tenor(s) of the Relevant Rate for such Alternative Currency (the latest date on which all tenors of the Relevant Rate for such Alternative Currency (including any forward-looking term rate thereof) are no longer representative or available permanently or indefinitely, the "Alternative Currency Scheduled Unavailability Date"); or

(z) syndicated loans currently being executed and agented in the United States, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace the Relevant Rate for an Alternative Currency;

or if the events or circumstances of the type described in Sections 3.03(c)(i)(x), (i)(y) or (i)(z) have occurred with respect to the Alternative Currency Successor Rate then in effect, then, the Administrative Agent and the Parent Borrower may amend this Agreement solely for the purpose of replacing the Relevant Rate for an Alternative Currency or any then current Successor Rate for an Alternative Currency in accordance with this Section 3.03(c)(i) with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the United States and denominated in such Alternative Currency for such alternative benchmarks, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the United States and denominated in such Alternative Currency for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (and any such proposed rate, including for the avoidance of doubt, any adjustment thereto, an "Alternative Currency Successor Rate"), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Parent Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.

The Administrative Agent will promptly (in one or more notices) notify the Parent Borrower and each Lender of the implementation of any Successor Rate or Alternative Currency Successor Rate.

Any Successor Rate or Alternative Currency Successor Rate shall be applied in a manner consistent with market practice; provided, that to the extent such market practice is not administratively feasible for the Administrative Agent, such Successor Rate or Alternative Currency Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

Notwithstanding anything else herein, if at any time any Successor Rate or Alternative Currency Successor Rate as so determined would otherwise be less than zero percent (0.00%), the Successor Rate or Alternative Currency Successor Rate will be deemed to be zero percent (0.00%) for the purposes of this Agreement and the other Credit Documents.

In connection with the implementation of a Successor Rate or Alternative Currency Successor Rate, the Administrative Agent will have the right to make Conforming Changes (in consultation with the Parent Borrower) from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Conforming Changes will become effective without any further action (other than consultation with the Parent Borrower as noted above) or consent of any other party to this Agreement or any other Credit Document; provided, that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Parent Borrower and the Lenders reasonably promptly after such amendment becomes effective.

For purposes of (x) Section 3.03(b), those Lenders that either have not made, or do not have an obligation under this Agreement to make, the relevant Loans in Dollars shall be excluded from any determination of Required Lenders and (y) Section 3.03(c), those Lenders that either have not made, or do not have an obligation under this Agreement to make, the relevant Loans in the relevant Alternative Currency shall be excluded from any determination of Required Lenders.

3.04 Increased Costs.

(a) **Increased Costs Generally.** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or any Fronting Bank;

(ii) subject any Lender or any Fronting Bank to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Term SOFR Loan or Alternative Currency Loan made by it, or change the basis of taxation of

payments to such Lender or such Fronting Bank in respect thereof (except, in each case, for Indemnified Taxes or Other Taxes covered by [Section 3.01](#) and any Excluded Tax payable by such Lender or such Fronting Bank); or

(iii) impose on any Lender or any Fronting Bank any other condition, cost or expense affecting this Agreement or any Term SOFR Loans or Alternative Currency Loans made by such Lender or any Letter of Credit or participation therein; and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or such Fronting Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or such Fronting Bank hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or such Fronting Bank, the Parent Borrower will pay (or cause the applicable Designated Subsidiary Borrower to pay) to such Lender or such Fronting Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Fronting Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) **Capital Requirements.** If any Lender or any Fronting Bank determines that any Change in Law affecting such Lender or such Fronting Bank or any Lending Office of such Lender or such Lender's or such Fronting Bank's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such Fronting Bank's capital or on the capital of such Lender's or such Fronting Bank's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Fronting Bank or such Lender, to a level below that which such Lender or such Fronting Bank or such Lender's or such Fronting Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Fronting Bank's policies and the policies of such Lender's or such Fronting Bank's holding company with respect to capital adequacy), then from time to time the Parent Borrower will pay (or cause the applicable Designated Subsidiary Borrower to pay) to such Lender or such Fronting Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Fronting Bank or such Lender's or such Fronting Bank's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of a Lender or a Fronting Bank setting forth the amount or amounts necessary to compensate such Lender or such Fronting Bank or its holding company, as the case may be, as specified in [subsection \(a\)](#) or [\(b\)](#) of this Section and delivered to the Parent Borrower shall be conclusive absent manifest error. The Parent Borrower shall pay (or cause the applicable Designated Subsidiary Borrower to pay) such Lender or such Fronting Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) **Delay in Requests.** Failure or delay on the part of any Lender or any Fronting Bank to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or such Fronting Bank's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender or a Fronting Bank pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than 90 days prior to the date that such Lender or such Fronting Bank, as the case may be, notifies the Parent Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Fronting Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90 day period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses. Upon demand of any Tranche B Lender or Term Lender (with a copy to the Administrative Agent) from time to time, the Parent Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Parent Borrower, ACUS, MI or any other applicable Tranche B Designated Subsidiary Borrower (for a reason other than the failure of such Lender to make a

Loan) to prepay, borrow, continue or convert any Term SOFR Loan or Alternative Currency Term Rate Loan on the date or in the amount notified by the Parent Borrower, ACUS, MI or other Tranche B Designated Subsidiary Borrower, as applicable;

(c) any failure by the Parent Borrower, ACUS, MI or any other applicable Tranche B Designated Subsidiary Borrower to make payment of any Loan or drawing under any Letter of Credit (or interest due thereon) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency; or

(d) any assignment of a Term SOFR Loan or an Alternative Currency Term Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Parent Borrower pursuant to [Section 10.13](#); including any foreign exchange losses and any loss or

expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract. The Parent Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Parent Borrower to the Tranche B Lenders or the Term Lenders under this Section 3.05, each Tranche B Lender and each Term Lender shall be deemed to have funded each Term SOFR Loan or Alternative Currency Loan made by it at Term SOFR or the Relevant Rate, as applicable, for such Loan by a matching deposit or other borrowing in the offshore interbank market for such currency for a comparable amount and for a comparable period, whether or not such Term SOFR Loan or Alternative Currency Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or a Borrower is required to pay any additional amount to any Lender, any Fronting Bank, or any Governmental Authority for the account of any Lender or any Fronting Bank pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender or such Fronting Bank shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans or Letters of Credit (or participations therein) hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or such Fronting Bank, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or such Fronting Bank, as the case may be, to any unreimbursed cost or expense and would not otherwise be materially disadvantageous to such Lender or such Fronting Bank, as the case may be. The Parent Borrower hereby agrees to pay (or cause the applicable Designated Subsidiary Borrower to pay) all reasonable costs and expenses incurred by any Lender or any Fronting Bank in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Parent Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Parent Borrower may replace such Lender in accordance with Section 10.13.

3.07 Survival. All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all Obligations hereunder, and resignation of the Administrative Agent.

ARTICLE IV. CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of each Fronting Bank and each Lender to make its initial Credit Extension (including its obligations under any Existing Letter of Credit) hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or facsimiles or sent by electronic mail (followed promptly by originals upon request) unless otherwise specified, each properly executed by a Responsible Officer of the signing Borrower, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date):

(i) executed counterparts of this Agreement, sufficient in number for distribution to the Administrative Agent, each Lender and the Parent Borrower;

(ii) a Note executed by each of the Parent Borrower and ACUS in favor of each Tranche B Lender requesting a Note;

(iii) an opinion, in form and substance reasonably satisfactory to the Administrative Agent, addressed to the Administrative Agent and each of the Lenders from (A) White & Case LLP, special U.S. counsel to the Borrowers, (B) Conyers Dill & Pearman Limited, special Bermuda counsel to the Borrowers, (C) Reynolds Porter Chamberlain LLP, special English and Welsh counsel to Arch Europe, and (D) A&L Goodbody, special Irish counsel to AREUL;

(iv) a certificate signed by a Responsible Officer of each Borrower, and attested to by the Secretary or any Assistant Secretary of such Borrower, together with (x) copies of its Organization Documents, (y) the resolutions relating to the Credit Documents and (z) an incumbency certificate evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Credit Documents to which such Borrower is a party;

(v) certificates signed by a Responsible Officer of (i) the Parent Borrower and (ii) each Designated Subsidiary Borrower (A) certifying that the conditions specified in Sections 4.02(a) and (b) have been satisfied (in the case of a certificate of a Designated Subsidiary Borrower, as to itself and its Subsidiaries only) and (B) either attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by the Parent Borrower or such Designated Subsidiary Borrower, as applicable, and the validity against the Parent Borrower or such Designated Subsidiary Borrower, as applicable, of the Credit Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or stating that no such consents, licenses or approvals are so required; (C) in the case of the certificate of the Parent Borrower, that there has been no event or circumstance since the date of the Audited Financial Statements, that has had or would be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect; and (D) the current Debt Rating.

(vi) the Confirmation Agreement, executed by each applicable Guarantor; and

(vii) Each Tranche A Designated Subsidiary Borrower shall have entered into Security Documents in form and substance satisfactory to the Administrative Agent, the Arranger, and the Lenders that the Administrative Agent may deem necessary or desirable to perfect its first priority security interest in the Collateral.

(b) (i) Upon the reasonable request of any Lender made at least 5 days prior to the Closing Date, the Borrowers shall have provided to such Lender, and such Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, in each case at least 3 days prior to the Closing Date and (ii) at least 5 days prior to the Closing Date, any Loan Party that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have delivered, to each Lender that so requests, a Beneficial Ownership Certification in relation to such Loan Party.

(c) All corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received all information and copies of all certificates, documents and papers, including certificates of existence or good standing certificates, as applicable, and any other records of corporate proceedings and governmental approvals, if any, which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

(d) Each Designated Subsidiary Borrower (other than ACUS and AGRL) shall have a Financial Strength Rating of at least "A-."

(e) The Administrative Agent shall have received a letter from the Service of Process Agent indicating its consent to its appointment by the Parent Borrower and each Designated Subsidiary Borrower as their agent to receive service of process as specified in this Agreement.

(f) All loans, interest, fees and other costs and expenses due and owing under the Existing Credit Agreement through the Effective Time shall have been paid in full.

(g) Any fees required to be paid on or before the Closing Date shall have been paid.

(h) Unless waived by the Administrative Agent, the Borrowers shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent).

Without limiting the generality of the provisions of the last paragraph of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than a Loan Notice requesting only a conversion of

Loans to the other Type, or a continuation of Term SOFR Loans or Alternative Currency Term Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of each Loan Party contained in Article V (excluding, after the Closing Date, the representations and warranties set forth in Section 5.04 and Section 5.09(d)) or any other Credit Document shall be true and correct in all material respects on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in Section 5.09 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01.

(b) No Default shall exist, or would result from such proposed Credit Extension.

(c) The Administrative Agent and, if applicable, the Applicable Issuing Party, shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) In addition to satisfaction of the conditions in clauses (a) through (c), if the proposed Credit Extension is an L/C Credit Extension consisting of a Tranche A Letter of Credit and the applicable Borrower has not delivered a Borrowing Base Certificate to the Administrative Agent pursuant to Section 6.01(g) for the most recent applicable month, the Administrative Agent shall have received from the applicable Borrower a Borrowing Base Certificate calculated as of the most recent Business Day demonstrating compliance with clause (B) of the proviso to Section 2.01(a) with respect to such Borrower.

(e) In addition to satisfaction of the conditions in clauses (a) through (d), the obligation of each Lender to make its initial Credit Extension to a Designated Subsidiary Borrower (other than a Subsidiary who is a Designated Subsidiary Borrower on the Closing Date) is subject to the satisfaction of the conditions that the Administrative Agent shall have received the following:

(i) a Designated Subsidiary Borrower Request and Assumption Agreement executed by such Designated Subsidiary Borrower and the Parent Borrower;

(ii) in the case of a Tranche A Designated Subsidiary Borrower, a joinder to the Security Agreement and a Control Agreement (or joinder thereto) executed by such Designated Subsidiary Borrower;

(iii) in the case of a Tranche B Designated Subsidiary Borrower, an amendment to the Parent Guaranty with respect to the Obligations of such Tranche B Designated Subsidiary Borrower;

(iv) a certificate signed by a Responsible Officer of such Borrower, and attested to by the Secretary or any Assistant Secretary of such Borrower (or in the case of AREUL, such other officer or person satisfactory to the Administrative Agent), together with (x) copies of its Organization Documents, (y) the resolutions relating to the Credit Documents and (z) an incumbency certificate evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Credit Documents to which such Borrower is a party and an opinion, addressed to the Administrative Agent and the Lenders, of counsel to such Borrower and, if such counsel is not licensed to practice in New York, an opinion of New York counsel, which opinion shall be in form and substance reasonably satisfactory to the Administrative Agent;

(v) a certificate of a Responsible Officer of the Parent Borrower or such Designated Subsidiary Borrower either (A) attaching copies of all consents, licenses and approvals from a Governmental Authority required in connection with the execution, delivery and performance by such Designated Subsidiary Borrower and the validity against such Designated Subsidiary Borrower of the Credit Documents to which it is a party and confirming that such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required;

(vi) such corporate documents and other information as the Administrative Agent (or any Lender through the Administrative Agent) shall reasonably request for purposes of the Act and/or such Lender's "know your customer" requirements; and

(vii) if such Designated Subsidiary Borrower is a Foreign Obligor, no affected Lender shall be subject to any legal or regulatory requirement to be licensed to do business in the jurisdiction in which such Designated Subsidiary Borrower is organized in order to make Credit Extensions to such Designated Subsidiary Borrower or shall be otherwise prohibited from extending credit to such Designated Subsidiary Borrower.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Term SOFR Loans or Alternative Currency Term Rate Loans) submitted by a Borrower shall be deemed to be a representation and warranty that

the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V. REPRESENTATIONS AND WARRANTIES

Each Borrower (solely as to itself and its Subsidiaries) and the Specified Subsidiary represents and warrants to the Lenders that:

5.01 Corporate Status. Each Loan Party and each of its Subsidiaries (i) is a duly organized (or where applicable, incorporated) and validly existing corporation, exempted company or business trust or other entity under the laws of the jurisdiction of its organization and has the corporate, exempted company or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage, and (ii) where the concept is applicable, is in good standing under the laws of the jurisdiction of its organization and has been duly qualified and is authorized to do business and is in good standing in all jurisdictions where it is required to be so qualified, except, in the case of this clause (ii), where the failure to be so qualified, authorized or in good standing would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.02 Corporate Power and Authority. Each Loan Party has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of such Credit Documents. Each Loan Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights

generally and general principles of equity regardless of whether enforcement is sought in a proceeding in equity or at law.

5.03 No Contravention of Laws, Agreements or Organization Documents. Neither the execution, delivery and performance by any Loan Party of this Agreement or the other Credit Documents to which it is a party nor compliance with the terms and provisions hereof or thereof, nor the consummation of the transactions contemplated herein or therein, (i) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, except as would not have a Material Adverse Effect, (ii) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of any Loan Party or any of its Subsidiaries pursuant to the terms of, any material indenture, mortgage, deed of trust, loan agreement, credit agreement or any other material instrument to which such Loan Party or any of its Subsidiaries is a party or by which it or any of its property or assets are bound or to which it may be subject, except as would not have a Material Adverse Effect, or (iii) will violate any provision of the Organization Documents of any Loan Party or any of its Subsidiaries.

5.04 Litigation. There are no actions, suits or proceedings pending or threatened in writing involving any Borrower or any of its Subsidiaries (including, without limitation, with respect to this Agreement or any other Credit Document) that have had, or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.05 Use of Proceeds; Margin Regulations.

(a) Letters of Credit shall be utilized for the Parent Borrower's and its Subsidiaries' general corporate purposes. Proceeds of Loans shall be utilized for the Parent Borrower's and its Subsidiaries' general corporate and working capital requirements, including but not limited to, capital infusions to Subsidiaries of the Parent Borrower, acquisitions and the repurchase of common shares of the Parent Borrower. For the avoidance of doubt, the parties agree that any Loan Party may apply for a Letter of Credit hereunder to support the obligations of any Affiliate of the Parent Borrower, it being understood that such Loan Party shall nonetheless remain the account party and as such be liable with respect to such Letter of Credit.

(b) Neither the making of any Loan hereunder, the issuance of any Letter of Credit nor the use of the proceeds thereof, will violate or be inconsistent with the provisions of Regulation T, U or X of the FRB and no part of the proceeds of any Credit Extension will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock.

5.06 Approvals. Any order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, which is required to authorize or is required in connection with (i) the execution, delivery and performance of any Credit Document or (ii) the legality, validity, binding effect or enforceability of any Credit Document, has been obtained.

5.07 Investment Company Act.No Loan Party nor any of its Subsidiaries is an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended.

5.08 True and Complete Disclosure.All factual written information, other than information of a general economic or general industry nature, heretofore or contemporaneously

furnished by the Parent Borrower or any of its Subsidiaries to the Administrative Agent or any Lender in writing (including, without limitation, all written information contained in the Credit Documents) for purposes of or in connection with this Agreement or any other Credit Document (taken as a whole) is, and all other factual written information (taken as a whole with all other such information theretofore or contemporaneously furnished) hereafter furnished by any such Persons in writing to the Administrative Agent for purposes of or in connection with this Agreement or any other Credit Document will be, true and accurate in all material respects on the date as of which such information is dated and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole with all other such information theretofore or contemporaneously furnished) not misleading at such time in light of the circumstances under which such information was provided. As of the Closing Date, the information included in the Beneficial Ownership Certification, if applicable, is, to the knowledge of the Parent Borrower, true and correct in all material respects.

5.09 Financial Condition; Financial Statements.

(a) (i) The Audited Financial Statements, and (ii) the unaudited consolidated balance sheet of the Parent Borrower and its Subsidiaries for the three months ended June 30, 2023 and the related consolidated statements of income, shareholders' equity and cash flows, copies of which have been delivered to each of the Lenders, fairly present in all material respects, in each case in conformity with GAAP, consistently applied, the consolidated financial position of the Parent Borrower and its Subsidiaries as of such dates and their consolidated results of operations and cash flows for such periods stated (subject, in the case of the financial statements referred to in clause (ii), to normal year-end audit adjustments and the absence of full footnote disclosure).

(b) The summary unaudited consolidated balance sheet of ARL and its Subsidiaries for the fiscal year ended December 31, 2022 and the related consolidated statement of income, copies of which have been delivered to each of the Lenders, and the summary unaudited consolidated balance sheet of ARL and its Subsidiaries for the three months ended June 30, 2023 and the related consolidated statement of income, copies of which have been delivered to each of the Lenders, fairly present in all material respects, the consolidated financial position of ARL and its Subsidiaries as of such dates and their consolidated results of operations for such periods stated (subject, in the case of the aforementioned quarterly financial statements, to normal year-end audit adjustments and the absence of full footnote disclosure).

(c) The Statutory Statements of each Designated Subsidiary Borrower for (x) the fiscal year ended December 31, 2022 and (y) the three months ended June 30, 2023 (other than ARL, AREUL and Arch Europe), copies of which have been delivered to each of the Lenders, fairly present in all material respects the financial position of such Designated Subsidiary Borrower as of such dates and results of operations for such periods stated.

(d) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

5.10 Tax Returns and Payments.Except for failures that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, the Parent Borrower and its Subsidiaries (i) have timely filed or caused to be timely filed with the appropriate taxing authority (taking into account any applicable extension within which to file) all income and other Tax returns (including any statements, forms and reports), domestic and foreign, required to be filed by the Parent Borrower and its Subsidiaries, and (ii) have timely paid

or caused to have timely paid all Taxes payable by them which have become due and assessments which have become due, except for those contested in good faith and adequately disclosed and for which adequate reserves have been established in accordance with GAAP. There is no action, suit, proceeding, investigation, audit or claim now pending or, to the best knowledge of the Parent Borrower and its Subsidiaries, proposed or threatened by any authority regarding any income Taxes or any other Taxes relating to the Parent Borrower or any of its Subsidiaries that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. Neither the Parent Borrower nor any of its Subsidiaries has entered into an agreement or waiver or been requested to enter into an agreement or waiver extending any statute of limitations relating to the payment or collection of Taxes of the Parent Borrower or any of its Subsidiaries that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. No tax Liens have been filed and no claims are pending or, to the best knowledge of the Parent Borrower or any of its Subsidiaries, proposed or threatened with respect to any taxes, fees or other charges for any taxable period that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.11 Compliance with ERISA.

(a) Except as would not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect, the Parent Borrower and its Subsidiaries and ERISA Affiliates (i) have not failed to satisfy the minimum funding standards of Section 302 of ERISA and Section 412 of the Code with respect to each Plan and have maintained each Plan in compliance with the applicable provisions of ERISA and the Code, and (ii) have not incurred, or reasonably expect to incur, any liability to the PBGC or any Plan or Multiemployer Plan (other than to pay PBGC premiums or to make contributions in the ordinary course of business).

(b) Except as would not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect, (i) each Foreign Pension Plan has been maintained in compliance with its terms and with the requirements of any and all applicable Laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities, (ii) all contributions required to be made with respect to a Foreign Pension Plan have been timely made and (iii) neither the Parent Borrower nor any of its Subsidiaries has incurred any obligation in connection with the termination of, or withdrawal from, any Foreign Pension Plan.

(c) Each Borrower represents and warrants as of the Closing Date that such Borrower is not a Benefit Plan.

5.12 Subsidiaries. Set forth on Schedule 5.12 is a complete and correct list of all of the Subsidiaries of the Parent Borrower as of the Closing Date, together with, for each such Subsidiary, (i) the jurisdiction of organization of such Subsidiary, (ii) each Person holding direct ownership interests in such Subsidiary and (iii) the percentage of ownership of such Subsidiary represented by such ownership interests. Except as disclosed on Schedule 5.12, as of the Closing Date, each of the Parent Borrower and its Subsidiaries owns, free and clear of Liens, and has the unencumbered right to vote, all outstanding ownership interests in each Person shown to be held by it on Schedule 5.12.

5.13 Compliance with Statutes, Etc. The Parent Borrower and each of its Subsidiaries are in compliance with all applicable statutes, regulations, rules and orders of, and all applicable restrictions imposed by, and have filed or otherwise provided all material reports, data, registrations, filings, applications and other information required to be filed with or otherwise provided to, all governmental bodies, domestic or foreign, in respect of the

conduct of its business and the ownership of its property (including compliance with all applicable Environmental Laws), except where the failure to comply or file or otherwise provide would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. All required regulatory approvals are in full force and effect on the date hereof, except where the failure of such approvals to be in full force and effect would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.14 Insurance Licenses. There is (i) no Insurance License that is the subject of a proceeding for suspension, revocation or limitation or any similar proceedings, (ii) no sustainable basis for such a suspension, revocation or limitation, and (iii) no such suspension, revocation or limitation threatened by any Applicable Insurance Regulatory Authority, that, in each instance under (i), (ii) and (iii) above, has had, or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. No Regulated Insurance Company transacts any insurance business, directly or indirectly, in any jurisdiction where such business requires any Insurance License of an Applicable Insurance Regulatory Authority or such jurisdiction except where the failure to have any such license would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.15 Security Documents. The Security Documents create, as security for the Tranche A L/C Obligations of each Designated Subsidiary Borrower, valid and enforceable security interests in and Liens on all of the Collateral, superior to and prior to the rights of all third persons and subject to no other Liens (other than inchoate tax Liens and Liens in favor of financial institutions permitted under any Control Agreement). As of the date hereof, no filings or recordings are required in order to ensure the enforceability, perfection or priority of the security interests created under the Security Documents, except for filings or recordings which have been previously made or will be made on the Closing Date.

5.16 No Section 32 Direction. As of the date hereof, neither of ARL or AGRL has received any direction or other notification from the Bermuda Monetary Authority pursuant to Section 32 of the Bermuda Insurance Act.

5.17 Taxpayer Identification Number. The Parent Borrower's true and correct employer identification number is set forth on Schedule 10.02.

5.18 Representations as to Foreign Jurisdiction Matters. Each Foreign Obligor represents and warrants (solely as to itself) to the Administrative Agent and the Lenders that:

(a) Such Foreign Obligor is subject to civil and commercial Laws with respect to its obligations under this Agreement and the other Credit Documents to which it is a party (collectively as to such Foreign Obligor, the "Applicable Foreign Obligor Documents"), and the execution, delivery

and performance by such Foreign Obligor of the Applicable Foreign Obligor Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither such Foreign Obligor nor any of its property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction in which such Foreign Obligor is organized and existing in respect of its obligations under the Applicable Foreign Obligor Documents.

(b) The Applicable Foreign Obligor Documents are in proper legal form under the Laws of the jurisdiction in which such Foreign Obligor is organized and existing for the enforcement thereof against such Foreign Obligor under the Laws of such jurisdiction, and to ensure the legality, validity, enforceability or admissibility in evidence of the Applicable Foreign

Obligor Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Foreign Obligor Documents that the Applicable Foreign Obligor Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which such Foreign Obligor is organized and existing or that any registration charge or stamp or similar tax be paid on or in respect of the Applicable Foreign Obligor Documents or any other document, except for (i) any such filing, registration, recording, execution or notarization that has been made and is in full force and effect, or is not required to be made until such Applicable Foreign Obligor Documents are sought to be enforced and (ii) any charge or tax that has been timely paid by or on behalf of such Foreign Obligor.

(c) The execution, delivery and performance of the Applicable Foreign Obligor Documents executed by such Foreign Obligor are, under applicable foreign exchange control regulations of the jurisdiction in which such Foreign Obligor is incorporated or organized and existing, not subject to any notification or authorization except (i) such as have been made or obtained or (ii) such as cannot be made or obtained until a later date (provided that any notification or authorization described in clause (ii) shall be made or obtained as soon as is reasonably practicable).

5.19 Sanctioned Person.

(a) No Loan Party nor any of its Subsidiaries, nor, to the knowledge of any Loan Party or any of its Subsidiaries, their respective directors, officers, employees or any agent or Affiliate thereof, (a) is an individual or entity that, or is owned or controlled by any individual or entity that, is (i) a person on the list of "Specially Designated Nationals and Blocked Persons" or any other sanctions list maintained by OFAC, the European Union or Her Majesty's Treasury, (ii) the subject or target of any Sanctions or (iii) located, organized or resident in a Designated Jurisdiction, or (b) has received written notice of any action, suit or proceeding or accusation of wrongdoing against such Loan Party or any of its Subsidiaries from an applicable Governmental Authority with respect to Sanctions.

(b) No Loan Party will directly or, to its knowledge, indirectly, use the proceeds of the Loans or otherwise make available such proceeds to any person, for the purpose of financing the activities of any person, in any Designated Jurisdiction in violation of applicable Law or in any other manner, in each case, that will result in a violation of Sanctions by any party hereto.

5.20 USA PATRIOT Act and Other Regulations.

(a) Each Loan Party and each of its Subsidiaries is in compliance, in all material respects, with (i) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) and any other enabling legislation or executive order relating thereto, and (ii) the Act.

(b) No part of the proceeds of the Loans will be used by any Loan Party or any of its Subsidiaries, directly or, to its knowledge, indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the FCPA, Bribery Act 2016 of Bermuda (as amended) or the Bribery Act 2010 (United Kingdom).

5.21 EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

5.22 Covered Entities. No Loan Party is a Covered Entity.

ARTICLE VI. AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated, no Loans or Letters of Credit are outstanding, and the principal of and interest on each Loan, all Unreimbursed Amounts and all fees payable hereunder shall have been paid in full, each Borrower covenants and agrees (solely as to itself and its Subsidiaries) with the Lenders that:

6.01 Information Covenants. The Parent Borrower will furnish to the Administrative Agent (for distribution to each Lender):

(a) **Annual Financial Statements.** By the earlier of 100 days after the close of each fiscal year of the Parent Borrower and the time that they are publicly filed, the consolidated balance sheet of the Parent Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income, changes in shareholders' equity and cash flows of the Parent Borrower and its Subsidiaries for such fiscal year, setting forth in comparative form the consolidated figures for the previous fiscal year, all in reasonable detail and accompanied by a report thereon of PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing selected by the Parent Borrower (which report shall not contain a "going concern" or like qualification or exception or any qualification or limitation as to the scope of such audit), which report shall state that such consolidated financial statements present fairly in all material respects the consolidated financial position of the Parent Borrower and its Subsidiaries as at the dates indicated and their consolidated results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis (except as otherwise specified in such report) and that the audit by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards.

(i) By the earlier of 120 days after the close of each fiscal year of each of ARL and ARC, respectively, and the time that they are publicly filed, the consolidated balance sheet of each of ARL and its Subsidiaries and ARC and its Subsidiaries, respectively, in each case, as at the end of such fiscal year and the related consolidated statements of income, changes in shareholders' equity and cash flows of each of ARL and its Subsidiaries and ARC and its Subsidiaries, respectively, for such fiscal year, setting forth in comparative form the consolidated figures for the previous fiscal year, all in reasonable detail and accompanied by a report thereon of PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing selected by ARL and ARC, respectively (which report shall not contain a "going concern" or like qualification or exception or any qualification or limitation as to the scope of such audit), which report shall state that such consolidated financial statements present fairly in all material respects the consolidated financial position of ARL and its Subsidiaries or ARC and its Subsidiaries, as applicable, as at the dates indicated and their consolidated results of operations and cash flows for the periods indicated in conformity with GAAP applied on a consistent basis (except as otherwise specified in such report) and that the audit by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards.

(ii) By the earlier of 90 days after the close of each fiscal year of such Designated Subsidiary Borrower and the time that they are publicly filed (or, in the case of ARL, AREUL, AGRL and Arch Europe, such later dates as may be required by the Bermuda Insurance Act and the Companies Act 1985 (as amended) and the United Kingdom, respectively), the Statutory Statements for each Designated Subsidiary Borrower (other than ACUS and MI) for such fiscal year.

(b) **Quarterly Financial Statements.** By the earlier of 60 days after the close of each of the first three quarterly accounting periods in each fiscal year of the Parent Borrower and the time that they are required to be publicly filed, consolidated balance sheets of the Parent Borrower and its Subsidiaries as at the end of such period and the related consolidated statements of income, changes in shareholders' equity and cash flows of the Parent Borrower and its Subsidiaries for such period and (in the case of the second and third quarterly periods) for the period from the beginning of the current fiscal year to the end of such quarterly period, setting forth in each case in comparative form the consolidated figures for the corresponding periods of the previous fiscal year, all in reasonable detail and certified by the chief financial officer of the Parent Borrower as presenting fairly in all material respects, in accordance with GAAP (except as specifically set forth therein; provided any exceptions or qualifications thereto must be acceptable to the Administrative Agent) on a basis consistent with such prior fiscal periods, the information contained therein, subject to changes resulting from normal year-end audit adjustments and the absence of full footnote disclosure.

(i) By the earlier of 60 days after the close of each of the first three quarterly accounting periods in each fiscal year of each of ARL and ARC and the time that they are publicly filed, consolidated balance sheets of each of ARL and its Subsidiaries and ARC and its Subsidiaries, respectively as at the end of such period and the related consolidated statements of income and consolidated statements of changes in shareholders' equity of each of ARL and its Subsidiaries and ARC and its Subsidiaries, respectively, for such period and (in the case of the second and third quarterly periods) for the period from the beginning of the current fiscal year to the end of such quarterly period, setting forth in each case in comparative form the consolidated figures for the corresponding periods of the previous fiscal year, all in reasonable detail and certified by the chief financial officer of ARL or ARC, as applicable, as presenting fairly in all material respects, in accordance with GAAP (except as specifically set forth therein; provided any exceptions or qualifications thereto must be acceptable to the Administrative Agent) on a basis consistent with such prior fiscal periods, the information contained therein, subject to changes resulting from normal year-end audit adjustments and the absence of full footnote disclosure.

(ii) As soon as available and in any event within 60 days after the close of each of the first three quarterly accounting periods in each fiscal year of each Designated Subsidiary Borrower that is required to produce quarterly Statutory Statements, such Statutory Statements. As of the Closing Date, ACUS, ARL, MI and Arch Europe are not required to deliver quarterly Statutory Statements.

(c) Officer's Certificates. At the time of the delivery of the financial statements provided for in Sections 6.01(a) and 6.01(b), a Compliance Certificate.

(d) Notice of Default or Litigation. (x) Within five Business Days after any Responsible Officer of a Borrower obtains knowledge of the occurrence of any Default and/or any event or condition constituting, or which would reasonably be expected to have, a Material Adverse Effect, a certificate of a Financial Officer of such Borrower setting forth the details thereof and the actions which such Borrower (or the Parent Borrower or any of its Subsidiaries) is taking or proposes to take with respect thereto and (y) promptly after any Responsible Officer of a Borrower knows of the commencement thereof, notice of any litigation, dispute or proceeding involving a claim against any Borrower and/or any Subsidiary which claim would reasonably be expected to have a Material Adverse Effect.

(e) Change in Debt Rating. Promptly but in any event within one Business Day after notice of any announcement by Moody's, S&P or A.M. Best of any change or possible change in a Debt Rating.

(f) Other Statements and Reports. Promptly upon themailing thereof to the security holders of the Parent Borrower generally, copies of all financial statements, reports and proxy statements so mailed (unless same is publicly available via the SEC's "EDGAR" filing system).

(g) SEC Filings. Promptly upon the filingthereof copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and annual, quarterly or monthly reports which the Parent Borrower shall have filed with the SEC or any national securities exchange (unless same is publicly available via the SEC's "EDGAR" filing system); provided, that the Parent Borrower may furnish only written notification of any filings of a Form 10-Q or Form 10-K with the SEC in lieu of the foregoing.

(h) Insurance Reports and Filings.

(i) [Reserved].

(ii) As soon as available and in any event within 120 days after the end of each fiscal year of the Parent Borrower (but subject to the consent of the actuarial consulting firm referred to below), a report by an independent actuarial consulting firm of recognized national standing reviewing the adequacy of loss and loss adjustment expense reserves as at the end of the last fiscal year of the Parent Borrower and its Subsidiaries on a consolidated basis, determined in accordance with SAP and stating that the Regulated Insurance Companies have maintained adequate reserves, it being agreed that in each case such independent firm will be provided access to or copies of all relevant valuations relating to the insurance business of each such Regulated Insurance Company in the possession of or available to the Parent Borrower or its Subsidiaries.

(iii) Promptly following notification thereof from a Governmental Authority, notification of the suspension, limitation, termination or non-renewal of, or the taking of any other action in respect of, any Insurance License that would reasonably be expected to have a Material Adverse Effect.

(i) Borrowing Base Certificate. No later than the tenth Business Day of each month, a Borrowing Base Certificate from each Designated Subsidiary Borrower for whose account a Tranche A Letter of Credit has been issued as of the last day of the immediately preceding month, executed by a Responsible Officer of such Designated Subsidiary Borrower. In the event that any Borrowing Base Certificate reflects a Borrowing Base deficiency for any Designated Subsidiary Borrower for whose account a Tranche A Letter of Credit has been issued, on the date such Borrowing Base deficiency is cured, such Designated Subsidiary Borrower shall issue a revised Borrowing Base Certificate reflecting such cure.

(j) Section 32 Direction. Promptly following receipt thereof by ARL or AGRL, notice of any direction or other notification received by ARL or AGRL from the Bermuda Monetary Authority pursuant to Section 32 of the Bermuda Insurance Act.

(k) KYC and Beneficial Ownership Regulation. Promptly following any request therefor, provide information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation.

(l) Other Information. With reasonable promptness, such other information or existing documents (financial or otherwise) as the Administrative Agent or any Lender (acting through the Administrative Agent) may reasonably request from time to time.

Documents required to be delivered pursuant to Section 6.01(a), (b), (c), (f), (g) (to the extent any such documents are included in materials otherwise filed with the SEC) and (h) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each

Lender and the Administrative Agent have access (including, without limitation, the SEC's "EDGAR" filing system website) (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that the Borrower shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents and, if requested, provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents.

Each Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger may, but shall not be obligated to, make available to the Lenders, the Fronting Banks, and the L/C Issuers materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on Debt Domain, IntraLinks, Syndtrak, ClearPar, or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrowers or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrowers hereby agree that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," each Borrower shall be deemed to have authorized the Administrative Agent, the Arranger, the Fronting Banks, the L/C Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrowers or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." For the avoidance of doubt, no Borrower shall be required to mark any documents "PUBLIC."

6.02 Books, Records and Inspections. Each Borrower will (i) keep, and will cause each of its Subsidiaries to keep, proper books of record and account in which full, true and correct entries in material conformity with GAAP or SAP, as applicable, shall be made of all dealings and transactions in relation to its business and activities; and (ii) subject to binding contractual confidentiality obligations of such Borrower and its Subsidiaries to third parties and to Section 10.07, permit, and will cause each of its Subsidiaries to permit, representatives of any Lender (at such Lender's expense prior to the occurrence of an Event of Default and at such Borrower's expense after an Event of Default has occurred and is continuing) to visit and inspect any of their respective properties, to examine their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants, in each case at such reasonable times as may be desired; provided that such visitations shall be limited to once per calendar year unless an Event of

Default has occurred and is continuing. Each Borrower agrees to cooperate and assist in such visits and inspections.

6.03 Insurance. Each Borrower will maintain, and will cause each of its Subsidiaries to maintain (either in the name of such Borrower or in the Subsidiary's own name) with financially sound and reputable insurance companies, insurance on all their property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies of established repute engaged in the same or similar businesses.

6.04 Payment of Taxes. Except for failures that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, each Borrower will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, all income taxes and all other taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, in each case, on a timely basis prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a Lien or charge upon any properties of such Borrower or any of its Subsidiaries; provided that neither any Borrower nor any Subsidiary of any Borrower shall be required to pay any such tax, assessment, charge, levy or claim so long as it shall contest the validity thereof in good faith by appropriate proceedings and shall set aside on its books adequate reserves with respect thereto in accordance with GAAP.

6.05 Maintenance of Existence. Each Borrower will maintain, and will cause each of its Subsidiaries to maintain, its existence; provided that a Borrower shall not be required to maintain the existence of any of its Subsidiaries (other than each Borrower the existence of which will be maintained at all times) if such Borrower shall determine in good faith that the preservation thereof is no longer desirable in the conduct of the business of such Borrower and its Subsidiaries taken as a whole. Each Borrower will qualify and remain qualified, and cause each of its Subsidiaries to qualify and remain qualified, as a foreign corporation in each jurisdiction where such Borrower or such Subsidiary, as the case may be, is required to be qualified, except in those jurisdictions in which the failure to receive or retain such qualifications would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

6.06 Compliance with Statutes, Etc. Each Borrower will, and will cause each Subsidiary to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards

and controls) other than those the noncompliance with which would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

6.07 ERISA. Promptly after the Parent Borrower or any of its Subsidiaries knows or has reason to know that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan or Foreign Pension Plan has occurred or exists, the Parent Borrower will deliver to the Administrative Agent a certificate of the chief financial officer of the Parent Borrower setting forth details respecting such event or condition and the action if any, that the Parent Borrower, such Subsidiary or ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC or an applicable foreign governmental agency by the Parent Borrower, such Subsidiary or ERISA Affiliate with respect to such event or condition):

(i) any Reportable Event, as defined in Section 4043(c) of ERISA and the regulations issued thereunder, with respect to a Plan which would reasonably be expected to result in a liability to the Parent Borrower or any of its Subsidiaries in excess of \$5,000,000, other than events for which the 30 day notice period has been waived;

(ii) the filing under Section 4041(c) of ERISA of a notice of intent to terminate any Plan under a distress termination or the distress termination of any Plan which, in either case, would reasonably be expected to result in a liability to the Parent Borrower or any of its Subsidiaries in excess of \$5,000,000;

(iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan which would reasonably be expected to result in a liability to the Parent Borrower or any of its Subsidiaries in excess of \$5,000,000;

(iv) the receipt by the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates of notice from a Multiemployer Plan that the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates has incurred withdrawal liability under Section 4201 of ERISA in excess of \$5,000,000 or that such Multiemployer Plan is in insolvency pursuant to Section 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA whereby a deficiency or additional assessment is levied or threatened to be levied in excess of \$5,000,000 against the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates;

(v) the institution of a proceeding by a fiduciary of any Plan or Multiemployer Plan against the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates to enforce Section 515 or 4219(c)(5) of ERISA asserting liability in excess of \$5,000,000, which proceeding is not dismissed within 30 days; and

(vi) that any material contribution required to be made with respect to a Foreign Pension Plan has not been timely made, or that any Borrower or any Subsidiary of such Borrower may incur any material liability pursuant to any Foreign Pension Plan (other than to make contributions in the ordinary course of business).

6.08 Maintenance of Licenses and Permits. Each Borrower will, and will cause each of its Subsidiaries to, maintain all permits, licenses and consents as may be required for the conduct of its business by any state, federal or local government agency or instrumentality, except where failure to maintain the same would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

6.09 Financial Strength Ratings. Each Designated Subsidiary Borrower (other than ACUS, AGRL and any such Borrower whose principal business is mortgage insurance) will maintain at all times a Financial Strength Rating of at least "B++" by A.M. Best or "BBB+" from S&P; provided that any Designated Subsidiary Borrower that is a Regulated Insurance Company acquired or created after the Closing Date shall not be required to comply with this Section 6.09 until the date occurring 180 days after the date of such acquisition or creation; provided, further, that if AGRL satisfies the AGRL Ratings Requirement and the AGRL Sublimit ceases to apply, AGRL will maintain at all times thereafter a Financial Strength Rating of (i) if AGRL shall have satisfied the AGRL Ratings Requirement by achieving a Financial Strength Rating of at least A- from A.M. Best, at least "B++" by A.M. Best or (ii) if AGRL shall have satisfied the AGRL Ratings Requirement by achieving a Financial Strength Rating of at least A from S&P, at least "BBB+" by S&P.

6.10 End of Fiscal Years; Fiscal Quarters. Each Borrower will cause (i) each of its, and each of its Subsidiaries', fiscal years to end on December 31 of each year and (ii) each of its, and each of its Subsidiaries', fiscal quarters to end on dates which are consistent with a fiscal year end as described above, provided that the Borrowers shall not be required to comply with the foregoing with respect to any Subsidiary of any Borrower acquired after the Closing Date having a fiscal year ending on a date other than December 31 at the time of such acquisition.

6.11 Further Assurances.

(a) Each Borrower shall promptly and duly execute and deliver to the Administrative Agent such documents and assurances and take such further action as the Administrative Agent may from time to time reasonably request in order to carry out more effectively the intent and purpose of the Security Documents and to establish, protect and perfect the rights and remedies created or intended to be created in favor of the Administrative Agent, the Administrative Agent or the Lenders pursuant to the Security Documents.

(i) In the event that a Subsidiary (other than ACUS) is an obligor under any Additional Financing Agreement, such Subsidiary (the "Specified Subsidiary") will promptly (x) execute and deliver to the Administrative Agent the Subsidiary Guaranty and, to the extent not previously delivered hereunder, all documents as shall reasonably demonstrate the existence of such Specified Subsidiary, the corporate power and authority of such Specified Subsidiary to enter into, and the validity with respect to the Specified Subsidiary of, the Subsidiary Guaranty and the incumbency of officers executing the Subsidiary Guaranty (including an opinion, addressed to the Administrative Agent and the Lenders, of counsel to the Specified Subsidiary and, if such counsel is not licensed to practice in New York, an opinion of New York counsel), in form and substance reasonably satisfactory to the Administrative Agent and (y) deliver such corporate documents and other information as the Administrative Agent (or any Lender through the Administrative Agent) shall reasonably request for purposes of the Act and/or such Lender's "know your customer" requirements.

(b) The Specified Subsidiary will, at the request of the Parent Borrower, be released from the Subsidiary Guaranty if no Default has occurred and is continuing or would result therefrom and:

(i) the Specified Subsidiary is no longer an obligor under any Additional Financing Agreement, or

(ii) either (A) the aggregate principal amount of all other Indebtedness of the Specified Subsidiary is less than \$150,000,000 or (B) the Parent Borrower, directly or indirectly, owns less than 81% of the Specified Subsidiary.

6.12 Anti-Corruption Laws; Sanctions. Each Borrower shall conduct its businesses in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the Bribery Act 2016 of Bermuda (as amended), the UK Bribery Act 2010, and other applicable anti-corruption legislation in other jurisdictions and with all applicable Sanctions, and maintain policies and procedures designed to promote and achieve compliance with such applicable anti-corruption laws and Sanctions.

ARTICLE VII. NEGATIVE COVENANTS

Until the Commitments have expired or terminated, no Loans or Letters of Credit are outstanding, and the principal of and interest on each Loan, all Unreimbursed Amounts and all fees payable hereunder have been paid in full, each Borrower covenants and agrees (solely as to itself and its Subsidiaries) with the Lenders that:

7.01 Changes in Business and Investments. No Borrower will, nor will it permit any of its Subsidiaries to, engage (directly or indirectly) in any material business other than businesses in which they are engaged on the Closing Date and reasonable extensions thereof and other businesses that are complementary or reasonably related thereto.

7.02 Consolidations, Mergers, Sales of Assets and Acquisitions.

(a) No Borrower will, and will not permit any of its Subsidiaries to, consolidate, amalgamate or merge (collectively, "Merge") with or into any other Person; provided that:

(i) the Parent Borrower may Merge with another Person if (x) no Default shall have occurred and be continuing or shall result therefrom and (y) the Parent Borrower survives such Merger;

(ii) any Designated Subsidiary Borrower may Merge with another Person if (x) no Default shall have occurred and be continuing or shall result therefrom and (y) either (A) a Borrower survives such Merger or (B) if a Borrower does not survive such Merger, (1) such Designated Subsidiary Borrower was a Tranche B Designated Subsidiary Borrower whose Obligations were guaranteed by the Parent Borrower, (2) such Person shall assume the obligations of such Designated Subsidiary Borrower under the Credit Documents pursuant to an instrument reasonably satisfactory to the Administrative Agent, (3) the Administrative Agent shall have received such documents, certificates and opinions reasonably acceptable to it in connection with such assumption, and the Administrative Agent and the Tranche B Lenders shall have received all documentation and other information with respect to such surviving Person that the Administrative Agent and Lenders reasonably determine is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations and (4) the Administrative Agent shall not have reasonably determined that such Person being a Designated Subsidiary Borrower would (I) violate any applicable Law or (II) have any material adverse effect on the Tranche B Lenders;

(iii) any Subsidiary of the Parent Borrower that is not a Designated Subsidiary Borrower may Merge with any other Subsidiary of the Parent Borrower that is not a Designated Subsidiary Borrower; and

(iv) any Subsidiary of the Parent Borrower that is not a Designated Subsidiary Borrower may Merge with any other Person in connection with a Disposition permitted by Section 7.02(b).

For the avoidance of doubt, in the case of an amalgamation, the amalgamated Person shall be deemed the surviving Person.

(b) No Borrower will, nor will it permit any of its Subsidiaries (other than an Insignificant Subsidiary) to, (x) sell, convey, assign, lease, abandon or otherwise transfer or dispose of, voluntarily or involuntarily (any of the foregoing being referred to in this Section 7.02(b) as a "Disposition" and any series of related Dispositions constituting but a single Disposition) all or substantially all of the properties or assets of such Borrower and its Subsidiaries, taken as a whole, tangible or intangible (including but not limited to sale, assignment, discount or other disposition of accounts, contract rights, chattel paper or general intangibles with or without recourse), either in a single transaction or series of related transactions, or (y) make any offer or commitment to effect or complete any transactions

prohibited by this Section 7.02(b) or enter into any agreement to do so, except in each case any Disposition by the Parent Borrower or any of its Subsidiaries (other than ARL and ARC) of any of their respective properties or assets to the Parent Borrower or to any Wholly-Owned Subsidiary of the Parent Borrower and transactions permitted by Section 7.02(a) so long as no Event of Default has occurred and is continuing or would result therefrom.

7.03 Liens. No Borrower will, nor will it permit any of its Subsidiaries to, permit, create, assume, incur or suffer to exist any Lien on any asset, tangible or intangible, now owned or hereafter acquired by it, except:

(a) Liens created pursuant to the Credit Documents;

(b) Liens existing on the Closing Date and listed on Schedule 7.03;

(c) Liens securing repurchase agreements constituting a borrowing of funds by the Parent Borrower or any Subsidiary of the Parent Borrower in the ordinary course of business for liquidity purposes and in no event for a period exceeding 90 days in each case;

(d) Liens on assets of any Subsidiary of the Parent Borrower arising pursuant to purchase money mortgages, capital leases or security interests securing Indebtedness representing the purchase price (or financing of the purchase price within 90 days after the respective purchase) securing Indebtedness of the type described in clause (e) of the definition of "Permitted Subsidiary Indebtedness";

(e) Liens (x) on any asset of any Person existing at the time such Person is merged or consolidated with or into the Parent Borrower or any of its Subsidiaries and not created in contemplation of such event or (y) securing Acquired Indebtedness so long as such Lien existed prior to the contemplated acquisition, was not created in contemplation of such acquisition and only relates to assets of the Person so acquired;

(f) Liens securing obligations owed by the Parent Borrower to any of its Subsidiaries or owed by any Subsidiary of the Parent Borrower to the Parent Borrower or any other Subsidiary of the Parent Borrower, in each case solely to the extent that such Liens are required by an Applicable Insurance Regulatory Authority for such Person to maintain such obligations;

(g) Liens securing insurance obligations of Subsidiaries of the Parent Borrower owed by any Subsidiary of the Parent Borrower to the Parent Borrower or any other Subsidiary of the Parent Borrower, in each case solely to the extent that such Liens are required or requested by ratings agencies, clients or brokers for such Person to maintain such insurance obligations;

(h) Liens on investments and cash balances of any Regulated Insurance Company securing obligations of such Regulated Insurance Company in respect of trust or similar arrangements formed, letters of credit issued, funds withheld or balances established, in each case, in the ordinary course of business for the benefit of cedents to secure reinsurance recoverables owed to them by such Regulated Insurance Company;

(i) inchoate Liens for Taxes, assessments or governmental charges or levies not yet due or Liens for Taxes, assessments or governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves have been established in accordance with GAAP;

(j) Liens in respect of property or assets of the Parent Borrower or any of its Subsidiaries imposed by law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's and mechanics' liens and other similar Liens arising in the ordinary course of business, and (x) which do not in the aggregate materially detract from the value of the Parent Borrower's or such Subsidiary's property or assets or materially impair the use thereof in the operation of the business of

the Parent Borrower or such Subsidiary or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(k) Licenses, sublicenses, leases, or subleases granted to other Persons not materially interfering with the conduct of the business of the Parent Borrower or any of its Subsidiaries;

(l) easements, rights-of-way, restrictions, encroachments and other similar charges or encumbrances, and minor title deficiencies, in each case not securing Indebtedness and not materially interfering with the conduct of the business of the Parent Borrower or any of its Subsidiaries;

(m) Liens arising out of the existence of judgments or awards not constituting an Event of Default under Section 8.01(g);

(n) Liens (other than Liens imposed under ERISA) incurred in the ordinary course of business in connection with workers compensation claims, unemployment insurance and social security benefits and Liens securing the performance of bids, tenders, leases and contracts in the ordinary course of business, statutory obligations, surety bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business and consistent with past practice (exclusive of obligations in respect of the payment for borrowed money);

(o) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by the Parent Borrower or any of its Subsidiaries, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained;

(p) Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by any of the clauses of this Section 7.03, provided that such Indebtedness is not increased (except to pay premiums, accrued interest and expenses incurred in such refinancing) and is not secured by any additional assets;

(q) Liens in respect of property or assets of any Subsidiary of the Parent Borrower securing Indebtedness of the type described in clauses (c) and (j) of the definition of "Permitted Subsidiary Indebtedness" provided the termination amount or the amount(s) determined as the mark-to-market value(s) for such Indebtedness does not exceed \$500,000,000 at any one time outstanding;

(r) Liens in respect of property or assets of any Subsidiary of the Parent Borrower securing Indebtedness of the type described in clauses (d), (f) and (l) of the definition of "Permitted Subsidiary Indebtedness";

(s) Liens in respect of property or assets of any Subsidiary of the Parent Borrower securing Indebtedness of the type described in clause (i) of the definition of "Permitted Subsidiary Indebtedness"; provided that the aggregate principal amount of the outstanding Indebtedness secured by such Liens shall not, when added to the aggregate principal amount of all outstanding obligations of the Parent Borrower secured by Liens incurred pursuant to Section 7.03(t), exceed at any time 15% of Consolidated Net Worth of the Parent Borrower at the time of incurrence of any new Liens permitted by this clause (s);

(t) Liens arising in connection with securities lending arrangements entered into by the Parent Borrower or any of its Subsidiaries with financial institutions in the ordinary course of business so long as any securities subject to any such securities lending arrangement do not constitute collateral under any Security Document;

(u) Liens on cash and securities (other than Equity Interests of the Parent Borrower or any of its Subsidiaries or any Collateral) securing Permitted L/C Facilities;

(v) in addition to the Liens described in the other clauses of this Section 7.03, Liens securing obligations of the Parent Borrower or any of its Subsidiaries; provided that the aggregate principal amount of the outstanding obligations secured by such Liens shall not exceed at any time 15% of Consolidated Net Worth of the Parent Borrower at the time of incurrence of any Liens permitted by this clause (v);

(w) Liens on cash or securities of Regulated Insurance Companies securing Indebtedness owing to a Federal Home Loan Bank by such Regulated Insurance Companies; and

(x) Liens on eligible collateral under TALF securing Indebtedness incurred under TALF.

7.04 Indebtedness. The Parent Borrower will not permit any of its Subsidiaries (other than (x) ACUS and (y) the Specified Subsidiary, if any, so long as the Subsidiary Guaranty is in effect) to create, incur, assume or permit to exist any Indebtedness, or agree, become or remain liable (contingent or otherwise) to do any of the foregoing, except for (i) the Obligations, (ii) Indebtedness under the Permitted L/C Facilities and (iii) Permitted Subsidiary Indebtedness.

7.05 Dissolution. No Borrower will, nor will it permit any of its Subsidiaries that is a Borrower to, suffer or permit dissolution, winding-up or liquidation either in whole or in part, except through corporate reorganization to the extent permitted by Section 7.02.

7.06 Restricted Payments. The Parent Borrower will not declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Persons thereof) as such, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in the Parent Borrower or to sell any Equity Interest therein (each of the foregoing a “Dividend” and, collectively, “Dividends”), except that the Parent Borrower and its Subsidiaries may declare and pay Dividends (x) if, at the time of and after giving effect to such dividend, no Event of Default under Sections 8.01(a), 8.01(c) (solely with respect to Section 7.07 or Section 7.08), 8.01(d)(i)(x), 8.01(d)(ii) or 8.01(e) shall have occurred and be continuing or (y) with respect to any Preferred Security issued by the Parent Borrower or any of its Subsidiaries, if, at the time of and after giving effect to such Dividend, no Event of Default under Sections 8.01(a), 8.01(d)(i)(x), 8.01(d)(ii) or 8.01(e) shall have occurred and be continuing.

7.07 Maximum Parent Borrower Leverage Ratio. The Parent Borrower will not permit the Parent Borrower Leverage Ratio on the last day of any fiscal quarter or fiscal year of the Parent Borrower to be greater than 0.35:1.00.

7.08 Minimum Consolidated Tangible Net Worth. So long as the Tranche B Commitments are in effect or any portion of the Term Loans are outstanding:

(a) The Parent Borrower will not permit its Consolidated Tangible Net Worth at any time to be less than, the sum of (i) \$9,787,149,871 plus (ii) 50% of the aggregate increase in Consolidated Tangible Net Worth after June 30, 2023 by reason of the issuance and sale of common stock or other ownership interests of the Parent Borrower, minus (iii) 65% of up to \$830 million of the aggregate book value (at the date of issuance) of preferred shares of the Parent Borrower that are repurchased or redeemed by the Parent Borrower or any of its Subsidiaries after the Closing Date (unless such repurchase or redemption is funded by the new issuance of preferred shares of the Parent Borrower).

(b) Neither ARC nor ARL will permit its respective Consolidated Tangible Net Worth at any time to be less than (A) in the case of ARC, \$2,196,623,708; and (B) in the case of ARL, \$10,511,984,919.

7.09 Private Act. No Borrower will become subject to a Private Act.

7.10 Sanctions. No Borrower will, nor will it permit any of its Subsidiaries to, directly or indirectly, use the proceeds of any Credit Extension, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, for the purpose of funding any activities of or business with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, would result in a violation of Sanctions by such person, or in any other manner that will result in a violation by any individual or entity participating in the Transactions (including as Lender, Arranger, Administrative Agent, L/C Administrator, Fronting Bank or otherwise) of Sanctions.

7.11 Anti-Corruption Laws. To its knowledge, no Borrower will, nor will it permit any of its Subsidiaries to, directly or indirectly use the proceeds of any Credit Extension for any purpose which would result in a material violation of the FCPA, the Bribery Act 2016 of Bermuda (as amended), the UK Bribery Act 2010, or other similar applicable legislation in other jurisdictions.

ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Payments. Any Borrower shall (i) default in the payment when due of any principal of any Loan or any reimbursement obligation in respect of any L/C Borrowing, (ii) default, and such default shall continue for three or more Business Days, in the payment when due of any interest on any Loan or L/C Borrowing or any fees payable pursuant to the Credit Documents or (iii) default in the prompt payment following notice or demand in respect of any other amounts owing hereunder or under any other Credit Document; or

(b) Representations, Etc. Any representation, warranty or material statement made or deemed made pursuant to the last sentence of Section 5.02 by any Borrower herein or in any other Credit Document or in any certificate or material statement delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

(c) Covenants. (A) Any Borrower shall default in the due performance or observance by it of any term, covenant or agreement contained in Section 2.04, Section 6.01(d) (solely with respect to any notice of Default), 6.02(ii), 6.05 (but only with respect to the legal existence of each Borrower), 6.09 or Article VII, or (B) any Loan Party shall default in the due performance

or observance by it of any term, covenant or agreement (other than those referred to in Section 8.01(a) or 8.01(c)(A)) contained in this Agreement or any other Credit Document to which it is a party and such default shall continue unremedied for a period of 30 days after knowledge of a Responsible Officer of such Loan Party or written notice to such Loan Party from the Administrative Agent or the Required Lenders; or

(d) **Default under other Agreements.** (i) The Parent Borrower or any of its Subsidiaries shall (x) default in any payment with respect to Indebtedness (other than the Obligations) in excess of \$100,000,000 individually or in the aggregate, for the Parent Borrower and its Subsidiaries, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (y) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice of acceleration, or any lapse of time prior to the effectiveness of any notice of acceleration, is required), any such Indebtedness to become due prior to its stated maturity; or (ii) Indebtedness of the Parent Borrower or its Subsidiaries in excess of \$100,000,000 shall be declared to be due and payable other than in accordance with the terms of such Indebtedness or required to be prepaid, other than by a regularly scheduled required prepayment or as a mandatory prepayment (unless such required prepayment or mandatory prepayment results from a default thereunder or an event of the type that constitutes an Event of Default), prior to the stated maturity thereof; or

(e) **Bankruptcy, Etc.** The Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries) shall commence a voluntary case concerning itself under any Debtor Relief Law; or an involuntary case is commenced against the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries) and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; or a custodian is appointed for, or takes charge of, all or substantially all of the property of the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries); or the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries) commences (including by way of applying for or consenting to the appointment of, or the taking of possession by, a rehabilitator, receiver, custodian, trustee, conservator, liquidator or provisional liquidator (collectively, a “conservator”) or, for the purposes of United Kingdom law, an administrator or administrative receiver, of itself or all or any substantial portion of its property) any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, liquidation, rehabilitation, supervision, conservatorship or similar law of any jurisdiction, Part XIII of the Bermuda Companies Law and the Companies (Winding-Up) Rule 1982 (as amended) or U.K. Insolvency Act whether now or hereafter in effect relating to the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries); or any such proceeding is commenced against (i) any Regulated Insurance Company (other than any Regulated Insurance Company that is an Insignificant Subsidiary) which is engaged in the business of underwriting insurance and/or reinsurance in the United States, or (ii) the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries or any Regulated Insurance Company described in the immediately preceding clause (i)) to the extent such proceeding is consented to by such Person, and in the case of either clause (i) or (ii) remains undismissed for a period of 60 days; or the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries) is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or (x) any Regulated Insurance Company (other than any Regulated Insurance Company that is an Insignificant Subsidiary) which is engaged in the business of underwriting insurance and/or reinsurance in the United States suffers any appointment of any conservator or the like for it or any substantial part of its property, or (y) the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries or any Regulated Insurance Company

described in the immediately preceding clause (x)) consents to any appointment of any conservator or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of 60 days; or the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries) makes a general assignment for the benefit of creditors; or any corporate action is taken by the Parent Borrower or any of its Subsidiaries (other than Insignificant Subsidiaries) for the purpose of effecting any of the foregoing; or

(f) **ERISA.** (i) An event or condition specified in Section 6.07 shall occur or exist with respect to any Plan or Multiemployer Plan or Foreign Pension Plan, (ii) the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates shall fail to pay when due any amount which they shall have become liable to pay to the PBGC or to a Plan or a Multiemployer Plan or (iii) a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Plan must be terminated, and as a result of such event, failure or condition, together with all such other events, failures or conditions, the Parent Borrower, any of its Subsidiaries or any of its ERISA Affiliates shall incur a liability to a Plan, a Multiemployer Plan, a Foreign Pension Plan or PBGC (or any combination of the foregoing) which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; or

(g) **Judgments.** One or more final judgments or decrees shall be entered against the Parent Borrower or any of its Subsidiaries involving a liability (net of insurance and reinsurance as to which the insurer has not disclaimed liability), of \$100,000,000 or more in the case of any one such judgment or decree or in the aggregate for all such judgments and decrees for the Parent Borrower and its Subsidiaries and any such judgments or decrees shall not have been vacated, discharged, satisfied, stayed or bonded pending appeal within 60 days from the entry thereof; or

(h) **Insurance Licenses.** Any one or more Insurance Licenses of the Parent Borrower or any of its Subsidiaries shall be suspended, limited or terminated or shall not be renewed, or any other action shall be taken by any Governmental Authority, and such action would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; or

(i) **Security Documents.** Any Security Document shall cease to be in full force and effect, or shall cease to give the Administrative Agent the Liens, rights, powers and privileges purported to be created thereby (including, without limitation, a first priority security interest in, and Lien on, a material portion of the Collateral subject thereto, in favor of the Administrative Agent, for the benefit of the Administrative Agent, the Lenders and the Fronting Banks, superior to and prior to the rights of all third Persons and subject to no other Liens (other than inchoate tax Liens and Liens in favor of financial institutions permitted under any Control Agreement); or

(j) **Change of Control.** A Change in Control shall occur; or

(k) **Section 32 Direction.** ARL or AGRL shall receive any direction or other notification from the Bermuda Monetary Authority pursuant to Section 32 of the Insurance Act 1978 of Bermuda.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and L/C Credit Extensions and any obligation of Fronting Banks to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans and L/C Borrowings, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Credit Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower;

(c) require that the applicable Borrower Cash Collateralize its outstanding Tranche B Letters of Credit with Cash and Cash Equivalents in an amount equal to 102% of the Dollar Equivalent of the amount available to be drawn under all such Tranche B Letters of Credit;

(d) require that the Collateral in any Collateral Account consist solely of Cash and Cash Equivalents or such other Eligible Securities as the Administrative Agent may permit; and

(e) exercise on behalf of itself, the Lenders and the Fronting Banks all rights and remedies available to it, the Lenders and the Fronting Banks under the Credit Documents;

provided, however, that upon the occurrence of an event described in Section 8.01(e) with respect to any Borrower under an applicable Debtor Relief Law, the obligation of each Lender to make Loans and L/C Credit Extensions and any obligation of Fronting Banks to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and L/C Borrowings and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the applicable Borrower to Cash Collateralize their Tranche B Letters of Credit as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender. The Administrative Agent shall provide written notice of any such action to the Parent Borrower but failure to provide such notice shall not prevent the Administrative Agent from taking any such action.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the Tranche B L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.15 and 2.16, be applied in the following order (provided, however, that notwithstanding anything contained herein to the contrary, funds received from a Borrower or any of such Borrower's Collateral shall be applied only to the Obligations of such Borrower):

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the Fronting Banks (including fees, charges and disbursements of counsel to the respective Lenders and the Fronting Banks and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause **Second** payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Obligations, ratably among the Lenders and the

Fronting Banks in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, ratably among the Lenders and the Fronting Banks in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of (x) the Fronting Banks, in the case of Fronted Letters of Credit and (y) the Lenders, in the case of Several Letters of Credit, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the applicable Borrower or as otherwise required by Law.

Subject to Sections 2.03(c) and 2.16, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn, terminated, cancelled or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE IX. ADMINISTRATIVE AGENT

9.01 Appointment and Authority. Each of the Lenders, each L/C Administrator, each L/C Issuer and each Fronting Bank hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, the L/C Issuers, the L/C Administrators and the Fronting Banks, and neither the Parent Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions (except Section 9.06). It is understood and agreed that the use of the term “agent” herein or in any other Credit Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

9.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Parent Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Administrative Agent or the Arranger, as applicable, shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent or the Arranger, as applicable:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Credit Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Credit Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not have any duty or responsibility to disclose, and shall not be liable for the failure to disclose to any Lender, Fronting Bank or any L/C Issuer, any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Parent Borrower or any of its Affiliates that is communicated to, obtained or in the possession of the Person serving as the Administrative Agent, Arranger or any of their Related Parties in any capacity, except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein;

(d) shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Parent Borrower, a Lender, a Fronting Bank or an L/C Issuer; and

(e) shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to

have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or a Fronting Bank or an L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such Fronting Bank or such L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such Fronting Bank or such L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any subagents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

9.06 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Fronting Banks, the L/C Administrators and the Parent Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor, which shall be (i) a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States and (ii) so long as no Default under Section 8.01(a) or (e) exists, reasonably acceptable to the Parent Borrower. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders, the L/C Administrators and the Fronting Banks, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Parent Borrower and such Person remove such Person as Administrative Agent and appoint a successor, which shall be (i) a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States and (ii) so long as no Default under Section 8.01(a) or (e) exists, reasonably acceptable to the Parent Borrower. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required

Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders, the L/C Administrators or the Fronting Banks under any of the Credit Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender, each L/C Administrator and each Fronting Bank directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in Section 3.01(g) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Parent Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Parent Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Credit Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its

subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them (i) while the retiring or removed Administrative Agent was acting as Administrative Agent and (ii) after such resignation or removal for as long as any of them continues to act in any capacity hereunder or under the other Credit Documents, including (x) acting as collateral agent or otherwise holding any collateral security on behalf of any of the Lenders and (y) in respect of any actions taken in connection with transferring the agency to any successor Administrative Agent.

(d) Any resignation or removal by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as Fronting Bank and L/C Administrator. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Fronting Bank and L/C Administrator, (b) the retiring Fronting Bank and L/C Administrator shall be discharged from all of their respective duties and obligations hereunder or under the other Credit Documents, and (c) the successor Fronting Bank and L/C Administrator shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession (unless such substitution would require the consent of the beneficiary and such consent cannot be obtained) or make other arrangements satisfactory to the retiring Fronting Bank and L/C Administrator to effectively assume the obligations of the retiring Fronting Bank and L/C Administrator with respect to such Letters of Credit.

9.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender, each Fronting Bank, and each L/C Issuer expressly acknowledges that none of the Administrative Agent nor the Arranger has made any representation or warranty to it, and that no act by the Administrative Agent or the Arranger hereafter taken, including any consent to, and acceptance of any assignment or review of the affairs of any Loan Party of any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent or the

Arranger to any Lender, Fronting Bank or L/C Issuer as to any matter, including whether the Administrative Agent or the Arranger have disclosed material information in their (or their Related Parties') possession. Each Lender, Fronting Bank and each L/C Issuer represents to the Administrative Agent and the Arranger that it has, independently and without reliance upon the Administrative Agent, the Arranger, any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis of, appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender, Fronting Bank and each L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger, any other Lender or any of their Related

Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Each Lender, Fronting Bank, and each L/C Issuer represents and warrants that (i) the Credit Documents set forth the terms of a commercial lending facility and (ii) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Lender, Fronting Bank or L/C Issuer for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Lender, Fronting Bank or L/C Issuer, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender, each Fronting Bank and each L/C Issuer agrees not to assert a claim in contravention of the foregoing. Each Lender, each Fronting Bank and each L/C Issuer represents and warrants that it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender, such Fronting Bank or such L/C Issuer, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners or Arranger listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Credit Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender, an L/C Issuer, an L/C Administrator or a Fronting Bank hereunder.

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Borrower or any of its Subsidiaries, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on such Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, the L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuers, the Fronting Banks, the L/C Administrators and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuers, the Fronting Banks, the L/C Administrators and the Administrative Agent and their respective agents and counsel and all

other amounts due the Lenders, the Fronting Banks, the L/C Issuers, the L/C Administrators and the Administrative Agent under Sections 2.03(h), and (i), 2.10 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender, each Fronting Bank, and each L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, the Fronting Banks and the L/C Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.10 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender, any L/C Issuer, any L/C Administrator or any Fronting Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender, any L/C Issuer, any L/C Administrator or any Fronting Bank to authorize the Administrative Agent to vote in respect of the claim of any Lender, any L/C Issuer, any L/C Administrator or any Fronting Bank in any such proceeding.

9.10 Collateral Matters. The Lenders and the Fronting Banks irrevocably authorize the Administrative Agent, at its option and in its discretion:

(a) (i) upon termination of the Aggregate Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration, cancellation or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent, the L/C Issuers and the Fronting Banks shall have been made) to release any Lien on any property granted to or held by the Administrative Agent under any Credit Document, (ii) upon termination of the Tranche A Commitments and payment in full of all Tranche A L/C Obligations, to release the Lien on any Collateral securing the Tranche A L/C Obligations, (iii) upon termination of the Tranche B Commitments and payment in full of all Tranche B Obligations, to release any Cash Collateral securing the Tranche B Obligations, (iv) to release

any Lien on Collateral that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Credit Document, or (v) to release any Lien on Collateral as approved pursuant to Section 10.01(g); and

(b) to release any Designated Subsidiary Borrower from its obligations under this Agreement and any other Credit Document and release any Collateral provided by such Designated Borrower if such Person ceases to be a Designated Subsidiary Borrower.

Upon request by the Administrative Agent at any time, the applicable Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property pursuant to this Section 9.10.

9.11 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of any Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

ARTICLE X. MISCELLANEOUS

10.01 Amendments, Etc. Subject to Sections 3.03 and 2.01(a)(E), no amendment or waiver of any provision of this Agreement or any other Credit Document, and no consent to any departure by the Parent Borrower or any other Borrower therefrom, shall be effective unless in writing signed by the Required Lenders and the Parent Borrower or the applicable Borrower, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.01(a) without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to [Section 8.02](#)) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Credit Document for any payment of principal, L/C Borrowing, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Credit Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iii) of the second proviso to this [Section 10.01](#)) any fees or other amounts payable hereunder or under any other Credit Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or any provision relating to Defaulting Lenders (including the definition thereof) or to waive any obligation of any Borrower to pay interest or Letter of Credit Fees at the Default Rate;

(e) change [Section 8.03](#) or [2.12](#) in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly adversely affected thereby;

(f) change any provision of this Section or the definition of "Required Lenders," "Majority Loan Lenders," "Majority Term Lenders," "Majority Tranche A Lenders" or "Majority Tranche B Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender directly affected thereby; or

(g) (i) release all or substantially all of the security provided by the Designated Subsidiary Borrowers to secure the Tranche A L/C Obligations, without the written consent of each Tranche A Lender, (ii) modify the definitions in [Section 1.01](#) of "Advance Rates," "Borrowing Base" or "Eligible Securities" without the consent of the Administrative Agent, the Fronting Banks and any additional Lender required to constitute the Majority Tranche A Lenders, or (iii) modify, change, waive, discharge or terminate any provision of any Security Document without the consent of the Majority Tranche A Lenders;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Fronting Banks and/or the L/C Administrators in addition to the Lenders required above, affect the rights or duties of the Fronting Banks and/or the L/C Administrators under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Credit Document; (iii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto (and no other consents shall be required); and (iv) if the Administrative Agent and any Borrower shall have identified any manifest error, inconsistency or ambiguity in any provision of the Credit Documents, then the Administrative Agent and the applicable Borrowers party thereto shall be permitted, each in its sole discretion, to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Credit Document if the same is not objected to in writing by the Required Lenders within five Business Days after notice thereof.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

10.02 Notices; Effectiveness; Electronic Communication.

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in [subsection \(b\)](#) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrowers, the Administrative Agent, the L/C Administrators or the Fronting Banks, to the address, facsimile number, electronic mail address or telephone number specified for such Person on [Schedule 10.02](#); and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative

Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to such Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders, the L/C Administrators and the Fronting Banks hereunder may be delivered or furnished by electronic communication (including e-mail, FpML messaging, and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the Applicable Issuing Party pursuant to Article II if such Lender or the Applicable Issuing Party, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or each Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such

notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Borrower, any Lender, any L/C Administrator, any Fronting Bank or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower's or the Administrative Agent's transmission of Borrower Materials or notices through the Platform, any other electronic Platform or electronic messaging service or Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party.

(d) Change of Address, Etc. Each of the Borrowers, the Administrative Agent, the L/C Administrators, and the Fronting Banks may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Parent Borrower, the Administrative Agent, the L/C Administrators and the Fronting Banks. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrowers or their securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent, L/C Administrators, Fronting Banks and Lenders. The Administrative Agent, the L/C Administrators, the Fronting Banks and the Lenders shall be entitled to rely and act upon any notices (including telephonic notices) purportedly given by or on behalf of a Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Each Borrower shall indemnify the Administrative Agent, the L/C

Administrators, the Fronting Banks, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of such Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender, any L/C Administrator, any Fronting Bank or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Credit Document, the authority to enforce rights and remedies hereunder and under the other Credit Documents against the Borrowers or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders, the L/C Administrators and the Fronting Banks; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Credit Documents, (b) any Applicable Issuing Party from exercising the rights and remedies that inure to its benefit (solely in its capacity as an Applicable Issuing Party) hereunder and under the other Credit Documents, (c) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.12), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Borrower or any of its Subsidiaries under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Credit Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.12, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. Each Borrower shall be jointly and severally liable for and shall pay, (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of one counsel for the Administrative Agent and its Affiliates and of any local or foreign counsel reasonably deemed appropriate by such counsel), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Credit Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Applicable Issuing Parties in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or any Applicable Issuing Party (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Applicable Issuing Party; provided such fees, charges and disbursements shall be limited to (x) one outside counsel for the Administrative Agent, any Applicable Issuing Party and the Lenders taken as a whole (and, in the case of an actual conflict of interest, one additional counsel to all such persons similarly situated) and (y) any local or foreign counsel reasonably deemed appropriate by such

counsel), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Credit Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrowers. Each Borrower shall indemnify, on a joint and several basis, the Administrative Agent (and any sub-agent thereof), each Lender, each L/C Administrator and each Fronting Bank, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of a law firm as counsel for all Indemnities in connection with any event or circumstance giving rise to claims hereunder except that if, in the reasonable opinion of an Indemnitee, representation of all Indemnities by one firm as counsel would be inappropriate due to the existence of an actual or potential conflict of interest, the Borrowers shall reimburse the reasonable fees and charges of no more than the number of additional law firms as counsel for the various Indemnities as is necessary to avoid any such actual or potential conflict of interest), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Parent Borrower or any of its Subsidiaries) other than such Indemnitee and its Related Parties arising out of, in connection

with, or as a result of (i) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Credit Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Applicable Issuing Party to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Parent Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Parent Borrower or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF ANY INDEMNITEE; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Parent Borrower or any of its Subsidiaries against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Credit Document, if the Parent Borrower or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. For the

avoidance of doubt, this Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that any Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the L/C Administrators, the Fronting Banks or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the L/C Administrators, the Fronting Banks or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or an Applicable Issuing Party in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or an Applicable Issuing Party in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.11(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, each Loan Party shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable promptly after written demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, any L/C Administrator or any Fronting Bank, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of any Borrower is made to the Administrative Agent, any L/C Administrator, any Fronting Bank or any Lender, or the Administrative Agent, any L/C Administrator, any Fronting Bank or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, such L/C Administrator, such Fronting Bank or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender, each

L/C Administrator and each Fronting Bank severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the

Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect, in the applicable currency of such recovery or payment. The obligations of the Lenders and the Applicable Issuing Party under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder (except as permitted by Section 7.02) without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment or grant of a security interest, subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Administrators, the Fronting Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), direct obligations under and participations in L/C Obligations) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Tranche A Commitment or Tranche B Commitment and the Loans, if any, at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or, solely with respect to its Term Loans, an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Parent Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among the Tranche A Commitments, the Tranche B Commitments or the Term Loans on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Parent Borrower (such consent not to be unreasonably withheld) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or, solely with respect to its Term Loans, an Approved Fund; provided that the Parent Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender or an Affiliate of such Lender; and

(C) the consent of each Fronting Banks (such consent not to be unreasonably withheld or delayed) shall be required for any assignment and, if such assignee could not be an L/C Issuer of a Several Letter of Credit under applicable regulatory requirements, a Fronting Bank must have agreed (in its sole discretion) to front for such assignee under Several Letters of Credit.

(iv) **Assignment and Assumption.** The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and, unless otherwise agreed between the assigning Lender and such assignee, if any Several Letters of Credit are outstanding, all such outstanding Several Letters of Credit are either amended or replaced to give effect to such assignment.

(v) **No Assignment to Certain Persons.** No such assignment shall be made (A) to the Parent Borrower or any of the Parent Borrower's Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person.

(vi) **Certain Additional Payments.** In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Parent Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by such Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all

payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans, obligations under Several Letters of Credit and participations in Fronted Letters of Credit in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Parent Borrower, ACUS, MI and each other applicable Tranche B Designated Subsidiary Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) **Register.** The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers (and such agency being solely for Tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and interest amounts) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) **Participations.** Any Lender may at any time, without the consent of, or notice to, the Parent Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or the Parent Borrower or any of the Parent Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's direct obligations in respect of and participations in L/C Obligations) owing to it);

provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Lenders,

the L/C Administrators and the Fronting Banks shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations set forth therein) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 10.06; provided that such Participant agrees to be subject to the provisions of Sections 3.06 and 10.13 as if it were an assignee under paragraph (b) of this Section 10.06. Each Lender that sells a participation agrees, at the Parent Borrower's request and expense, to use reasonable efforts to cooperate with the Parent Borrower to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.12 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and interest amounts) of each Participant's interest in the Loans or other obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Parent Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Parent Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Parent Borrower, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign, or grant a security interest in, all or any portion of its rights under this Agreement (including under its Notes, if any) to secure obligations of such Lender, including any pledge or assignment or grant of a security interest to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment, or grant of a security interest, shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee or grantee for such Lender as a party hereto.

(g) Resignation as Fronting Bank and L/C Administrator after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, upon 30 days' notice to the Parent Borrower and the Lenders, resign as Fronting Bank and L/C Administrator. In the event of any such resignation as Fronting Bank and L/C Administrator, the Parent Borrower shall be entitled to appoint from among the Lenders a successor Fronting Bank and L/C Administrator hereunder; provided, however, that no failure by the Parent Borrower to appoint any such successor shall affect the resignation of Bank of America as Fronting Bank and L/C Administrator. If Bank of America resigns as Fronting Bank and L/C Administrator, it shall retain all the rights, powers, privileges and duties of a Fronting Bank and L/C Administrator hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Fronting Bank and L/C Administrator and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). Upon the appointment of a successor Fronting Bank and L/C Administrator (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Fronting Bank and L/C Administrator, and (b) the successor Fronting Bank and L/C Administrator shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession (unless such substitution would require the consent of the beneficiary and such consent cannot be obtained) or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

10.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Lenders, the L/C Administrators and the Fronting Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates, its auditors and its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the NAIC), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 10.07, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.14(c) or (ii) any actual or prospective counterparty (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to any Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating a Borrower or its Subsidiaries or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the application, issuance, publishing and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the Parent Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 10.07, (y) becomes available to the Administrative Agent, any Lender, any L/C Administrator, any Fronting Bank or any of their respective Affiliates on a nonconfidential basis from a source other than a Borrower or (z) is independently discovered or developed by a party hereto without utilizing any Information received from a Borrower or violating the terms of this

Section 10.07. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Credit Documents, and the Commitments.

For purposes of this Section, "Information" means all information received from the Parent Borrower or any Subsidiary relating to the Parent Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender, any L/C Administrator or any Fronting Bank on a nonconfidential basis prior to disclosure by the Parent Borrower or any Subsidiary, provided that, in the case of information received from the Parent Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders, the L/C Administrators and the Fronting Banks acknowledges that (a) the Information may include material non-public information concerning the Parent Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each L/C Administrator, each Fronting Bank and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, such L/C Administrator, such Fronting Bank or any such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement or any other Credit Document to such Lender, such L/C Administrator or such Fronting Bank, irrespective of whether or not such Lender, such L/C Administrator or such Fronting Bank shall have made any demand under this Agreement or any other Credit Document and although such obligations of such Borrower may be contingent or unmatured or are owed to a branch or office of such Lender, such L/C Administrator or such Fronting Bank different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) such Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each L/C Administrator, each Fronting Bank and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such L/C Administrator, such Fronting Bank or their respective Affiliates may have. Each Lender, each L/C Administrator and each Fronting Bank each agrees to notify the applicable Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Credit Document, the interest paid or agreed to be paid under the Credit Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Credit Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent, each L/C Administrator, each Fronting Bank and each Lender, regardless of any investigation made by the Administrative Agent, any L/C Administrator, any Fronting Bank or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.12 Severability. If any provision of this Agreement or the other Credit Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Credit Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the L/C Administrators, or the Fronting Banks, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

10.13 Replacement of Lenders. If the Parent Borrower is entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Parent Borrower may, at its sole expense and effort, upon notice to

such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the other Credit Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Parent Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 10.06(b);

(b) such Lender shall have received payment of an amount equal to 100% of the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Credit Documents (including any amounts under Sections 3.01, 3.04 and 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Parent Borrower to require such assignment and delegation cease to apply.

Each party hereto agrees that (a) an assignment required pursuant to this Section 10.13 may be effected pursuant to an Assignment and Assumption executed by the Parent Borrower, the Administrative Agent and the assignee and (b) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided, further that any such documents shall be without recourse to or warranty by the parties thereto.

Notwithstanding anything in this Section 10.13 to the contrary, (i) any Lender that acts as an L/C Issuer or Fronting Bank may not be replaced hereunder at any time it has any Letter of Credit outstanding hereunder unless arrangements satisfactory to such Lender (including the furnishing of a backstop standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such L/C Issuer or Fronting Bank or the depositing of cash collateral into a cash collateral account in amounts and pursuant to arrangements reasonably satisfactory to such L/C Issuer or Fronting Bank) have been made with respect to such outstanding Letter of Credit and (ii) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.06.

10.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK CITY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER CREDIT DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY FRONTING BANK MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AGAINST THE PARENT BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. ON OR PRIOR TO THE CLOSING DATE, EACH FOREIGN OBLIGOR SHALL APPOINT THE SERVICE OF PROCESS AGENT, WITH AN OFFICE ON THE DATE HEREOF AT 1221 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10020, UNITED STATES, AS ITS AGENT TO RECEIVE ON ITS BEHALF AND ITS PROPERTY SERVICE OF THE SUMMONS AND COMPLAINTS AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING, PROVIDED THAT A COPY OF SUCH PROCESS IS ALSO MAILED IN THE MANNER PROVIDED IN SECTION 10.02. SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO THE PARENT BORROWER IN CARE OF THE SERVICE OF PROCESS AGENT AT THE SERVICE OF PROCESS AGENT'S ABOVE ADDRESS, AND THE PARENT BORROWER AND EACH OTHER FOREIGN OBLIGOR HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE SERVICE OF PROCESS AGENT TO ACCEPT SUCH SERVICE ON ITS BEHALF. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02.

NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

10.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY

OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document), the Parent Borrower and each other Loan Party acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Lenders and the Arranger are arm's-length commercial transactions between the Parent Borrower, each other Loan Party and its respective Affiliates, on the one hand, and the Administrative Agent, the Lenders and the Arranger on the other hand, (B) each of the Parent Borrower and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Parent Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; (ii) (A) each of the Administrative Agent, each Lender and the Arranger, is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Parent Borrower, any other Loan Party or any of its respective Affiliates, or any other Person and (B) neither the Administrative Agent, nor any Lender nor any Arranger has any obligation to the Parent Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Credit Documents; and (iii) the Administrative Agent, the Lenders and the Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Parent Borrower, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent nor any Lender nor any Arranger has any obligation to disclose any of such interests to the Parent Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Parent Borrower and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent, the Lenders and the Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

10.17 Electronic Execution of Assignments and Certain Other Documents. The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Assumptions, amendments or other modifications, Loan Notices, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no

obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

10.18 USA PATRIOT Act. Each Lender that is subject to the Act (as hereinafter defined), and the Administrative Agent (for itself and not on behalf of any Lender), hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Act. Each Loan Party shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

10.19 Time of the Essence. Time is of the essence of the Credit Documents.

10.20 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Credit Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Credit Documents shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the “Agreement Currency”), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from any Borrower in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Borrower (or to any other Person who may be entitled thereto under applicable Law).

10.21 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Solely to the extent any Lender or L/C Issuer that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or L/C Issuer that is an Affected Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

10.22 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

10.23 Amendment and Restatement. This Agreement amends, restates and replaces in its entirety the Existing Credit Agreement. All rights, benefits, indebtedness, interest, liabilities and obligations of the parties to the Existing Credit Agreement are hereby amended, restated, replaced and superseded in their entirety according to the terms and provisions set forth herein (except that any provision of the Existing Credit Agreement that by its terms survives termination of the Existing Credit Agreement shall continue in full force and effect for the benefit of the applicable parties to the Existing Credit Agreement). All indebtedness, liabilities and obligations under the Existing Credit Agreement, including all promissory notes executed by the Borrowers pursuant thereto, are hereby renewed by this Agreement and the other Credit Documents executed by the Borrowers pursuant to this Agreement and shall, from and after the Closing Date, be governed by this Agreement and such other Credit Documents.

10.24 Acknowledgement Regarding Any Supported QFCs. To the extent that the Credit Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit

Support (with the provisions below applicable notwithstanding that the Credit Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Credit

Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Credit Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.23, the following terms have the following meanings:

(c) “BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ARCH CAPITAL GROUP LTD.

By: /s/ Marc Grandisson
Name: Marc Grandisson
Title: Chief Executive Officer

[Signature Page to Fourth Amended and Restated Credit Agreement]

ARCH REINSURANCE LTD.

By: /s/ Jerome Halgan
Name: Jerome Halgan
Title: Chief Executive Officer

[Signature Page to Fourth Amended and Restated Credit Agreement]

ARCH GROUP REINSURANCE LTD.

By: /s/ Jerome Halgan
Name: Jerome Halgan
Title: Chief Executive Officer

[Signature Page to Fourth Amended and Restated Credit Agreement]

ARCH REINSURANCE COMPANY

By: /s/ Barry E. Golub
Name: Barry E. Golub
Title: Chief Financial Officer

[Signature Page to Fourth Amended and Restated Credit Agreement]

ARCH CAPITAL GROUP (U.S.) INC.

By: /s/ Barry E. Golub
Name: Barry E. Golub
Title: Executive Vice President, Finance

[Signature Page to Fourth Amended and Restated Credit Agreement]

ARCH U.S. MI HOLDINGS INC.

By: /s/ Cheryl Feltgen
Name: Cheryl Feltgen
Title: Director

[Signature Page to Fourth Amended and Restated Credit Agreement]

**ARCH REINSURANCE COMPANY EUROPE UNDERWRITING
DESIGNATED ACTIVITY COMPANY**

By: /s/ Michael Hammer-Dahinden
Name: Michael Hammer-Dahinden
Title: Chief Executive Officer

[Signature Page to Fourth Amended and Restated Credit Agreement]

ARCH INSURANCE (UK) LIMITED

By: /s/ Daniel Leddy
Name: Daniel Leddy
Title: Chief Financial Officer

[Signature Page to Fourth Amended and Restated Credit Agreement]

**BANK OF AMERICA, N.A.,
as Administrative Agent**

By: /s/ Angela Larkin
Name: Angela Larkin
Title: Vice President

[Signature Page to Fourth Amended and Restated Credit Agreement]

BANK OF AMERICA, N.A.,
as L/C Administrator, a Fronting Bank and a Lender

By: /s/ Sidhima Daruka
Name: Sidhima Daruka
Title: Director

[Signature Page to Fourth Amended and Restated Credit Agreement]

BARCLAYS BANK PLC,
as a Lender

By: /s/ Stephanie J. Reid
Name: Stephanie J. Reid
Title: Authorized Signatory

[Signature Page to Fourth Amended and Restated Credit Agreement]

HSBC BANK USA, N.A.,
as a Lender

By: /s/ Michael Albanese
Name: Michael Albanese
Title: Managing Director

[Signature Page to Fourth Amended and Restated Credit Agreement]

JPMORGAN CHASE BANK, N.
as a Lender

By: /s/ James S. Mintzer
Name: James S. Mintzer
Title: Executive Director

[Signature Page to Fourth Amended and Restated Credit Agreement]

LLOYDS BANK CORPORATE MARKET
as a Lender

By: /s/ Tina Wong
Name: Tina Wong
Title: Assistant Vice President

By: /s/ Kamala Basdeo
Name: Kamala Basdeo
Title: Assistant Vice President

[Signature Page to Fourth Amended and Restated Credit Agreement]

ROYAL BANK OF CANADA,
as a Lender

By: /s/ Kevin Bemben
Name: Kevin Bemben
Title: Authorized Signatory

[Signature Page to Fourth Amended and Restated Credit Agreement]

THE BANK OF NEW YORK ME
as a Lender

By: /s/ Yadilsa Fernandez
Name: Yadilsa Fernandez
Title: Director

[Signature Page to Fourth Amended and Restated Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION
as a Lender

By: /s/ William R. Goley
Name: William R. Goley
Title: Managing Director

[Signature Page to Fourth Amended and Restated Credit Agreement]

Exhibit 31.1

**Certification
of Chief Executive Officer
Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, Marc Grandisson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arch Capital Group Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in the report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 9, 2023 2024

By: /s/ Marc Grandisson

Name: Marc Grandisson

Title: Chief Executive Officer

Exhibit 31.2

**Certification
of Chief Financial Officer
Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, François Morin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arch Capital Group Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in the report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 9, 2023 2024
By: /s/ François Morin
Name: François Morin
Title: Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

**Certification Pursuant to Chapter 63, Title 18 United States Code §1350
As Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Arch Capital Group Ltd. (the "Company") on Form 10-Q for the period ending September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Marc Grandisson, as Chief Executive Officer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November May 9, 2023 2024
By: /s/ Marc Grandisson
Name: Marc Grandisson
Title: Chief Executive Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Arch Capital Group Ltd. and will be retained by Arch Capital Group Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant to Chapter 63, Title 18 United States Code §1350

As Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Arch Capital Group Ltd. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), François Morin, as Executive Vice President, Chief Financial Officer and Treasurer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **November** **May 9, 2023** **2024**
By: /s/ François Morin
Name: François Morin
Title: Executive Vice President, Chief Financial Officer and
Treasurer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Arch Capital Group Ltd. and will be retained by Arch Capital Group Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

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