

The First Ten Years



Max



Max Capital Group was established as Maximus Capital Holdings in July 1999. Continuing industry consolidation, increasing demutualization, the convergence of the insurance and capital markets, and unabated pricing pressure had created a unique opportunity for a well-managed company to introduce innovative and competitive risk management solutions.

1999 - Foundations

Part of our mission was to pursue a new insurance investment model. The Company's initial strategy included investing in a combination of traditional fixed income securities and a portfolio of alternative investments managed by Moore Capital Management.

Highlights

- Maximus Capital Holdings incorporated
 - Max Re incorporated
 - 1st Private Placement
 - Year ends with headcount of 6
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2000 - Establishment

Our reinsurance products were designed with global appeal for insurance companies and major corporations. Although the Company was established in Bermuda, we began to consider business from around the world. Our operating activity was focused on structured and specialty risk reinsurance of long-tailed liabilities that carry relatively predictable payout patterns, such as annuities, structured settlements, life insurance, disability income, workers' compensation and medical malpractice insurance.

Highlights

- Underwriting commences
 - 2nd Private Placement
 - Max Re Europe incorporated
 - Name Changed from Maximus Capital Holdings to Max Re Capital
 - Review Magazine Names Max Re "Launch of Year"
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2001 - Expansion

Early in 2001, in a joint venture with Bayerische Hypo- und Vereinsbank, Max Re Capital formed Grand Central Re, a Class 4 Bermuda insurance company with an initial shareholders' equity of \$200 million. HypoVereinsbank brought its asset management and banking experience to the new company, and we added our insurance management and underwriting expertise.

The events of September 11, 2001 severely tested our risk management practices and controls. Simultaneously, both the liability and asset sides of our balance sheet were stressed by the tragic and catastrophic events of that day.

Highlights

- Max Managers incorporated
 - Joint Venture to form Grand Central Re
 - IPO at \$16 per share, listed on NASDAQ
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2002 - Growth

In January 2002, we joined RenaissanceRe Holdings, State Farm Mutual Automobile Insurance and other investors in the funding of DaVinci Re Holdings, and its operating subsidiary DaVinci Reinsurance, a global reinsurance company focused primarily on Property Catastrophe. This was a way of diversifying our underwriting business without abandoning our core concentration.

By the fall, it had become apparent that the timing of the markets required us to augment our operating strategy. We chose to write a greater volume of traditional reinsurance. The change was also prompted by our clients and the improvement of rates for traditional business in the aftermath of the events of 9/11.

Highlights

- More traditional business being written
 - Investment in DaVinci Re, a Property Catastrophe Reinsurer
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2003 - Eastward Ho!

Early in the year, Max Re launched a new business unit to provide insurance to larger public companies. An Excess Liability department was established in January, followed by a Professional Liability department in April. This additional capability proved very timely.

In May 2003, we moved into Max Re House, our new building on Hamilton Harbour, and consolidated all the Company's activities in Bermuda under a single roof. In July, Max Insurance Europe received authorization to conduct non-life insurance business in Ireland from the Irish Financial Services Regulatory Authority. Max Insurance Europe writes Excess Liability and Professional Liability business for corporate risk management accounts and markets its capabilities through professional intermediaries.

Highlights

- Excess Liability Insurance department launched
- Max Insurance Europe incorporated
- Professional Liability Insurance department launched

2004 - Consolidation

Our focus on underwriting and our alternative investment approach stood us in good stead as the insurance cycle reached its mid-point.

In September, Max Re increased its product offerings by the formation of a dedicated Property Insurance department, providing cover to large multi-national clients on a worldwide basis, focused on commercial, industrial, and technical risks.

Highlights

- Property Insurance department launched

2005 - Strength in Adversity

Hurricanes Katrina, Rita and Wilma made 2005 an extraordinary year for our industry, costing an estimated \$65 billion. As Property insurance and reinsurance are among the components of Max Re's multi-line underwriting portfolio, it was inevitable that the Company would be materially affected, but Max Re was still able to record a small net income for 2005, when many of our peer group suffered material capital losses. This result was a testament to the effectiveness of our corporate risk management strategy, which emphasizes the protection of our capital base through diversification, constant monitoring and common control of investment and underwriting risks.

Highlights

- Property / Catastrophe Reinsurance team established
- \$23.50 / Common Share Offering
- Joined NASDAQ Financial 100 Index

2006 - Westward Ho!

We began the process of reducing the alternative investment segment of our invested asset portfolio to 15% to 20% of invested assets. We believed this reduction to be prudent in light of the change in risk profile associated with the Company's transformation to a more traditional specialty insurance and reinsurance underwriter.

In December 2006, we liquidated our investment in DaVinci Re, which had provided us with an exposure to Property Catastrophe business at a time when we did not have the capability to underwrite that business in-house.

Highlights

- Admitted to NASDAQ Global Select Market after 5 years at NASDAQ
- Aviation Insurance department established
- Max USA Holdings incorporated
- Headcount reaches 99

2007 - Full Steam Ahead

Max Capital's outstanding financial performance in 2007 confirmed the soundness of the strategic changes the Company had initiated five years earlier to build a diversified specialty insurance and reinsurance enterprise.

Max Re Capital changes its name to Max Capital Group to better reflect its new role.

Max Capital established Max Specialty Insurance Company, a US excess and surplus insurance platform with headquarters in Richmond, Virginia. Max Specialty operates Brokerage, Contract Binding and Marine divisions.

Highlights

- Max Re Capital changes name to Max Capital Group
- Max Re changes name to Max Bermuda
- Max USA \$100m Senior Debt Issue
- Max Specialty Insurance - US E&S Insurance platform launched
- Max California Insurance Services incorporated
- Max Capital Group joins Russell 2000® and 3000® Index
- Max Specialty forms Marine division
- Max Managers USA launched
- Max Re Europe forms Agriculture division
- Max Capital Services incorporated

2008 - Market Turmoil

Max experienced an excellent operating year in 2008, overshadowed by unprecedented investment volatility and losses on its alternative investment portfolio. The Company benefited from favorable performance from its underwriting units and we again demonstrated our underwriting risk assessment competence in a year that set some new records for the number and frequency of property catastrophe losses. Alternative investments allocation reduced further – 14% of invested assets at year end.

Max Capital acquired Max at Lloyd's, an existing Lloyd's vehicle managing three Lloyd's syndicates with a 2008 combined stamp capacity of approximately £200 million. Max at Lloyd's underwrites a diverse portfolio of specialty insurance and reinsurance business.

Highlights

- Max America provides US admitted insurance in all states
- Entry to Lloyd's – Max at Lloyd's acquired
- Headcount passes 300

2009 - Max Capital at ten

It has now been almost ten years since Max Capital started out as Maximus Capital. During that time, with the benefit of a team of exceptionally talented and industrious individuals, Max has undergone a strategic evolution from its origins as a Bermuda reinsurance company offering structured and alternative risk reinsurance products. After years of growth and a number of important milestones along the way, Max is now a truly global enterprise dedicated to providing diversified specialty insurance and reinsurance products, with over three hundred employees and major operations in Bermuda, Ireland, six U.S. cities, and at Lloyd's.

We have built a balanced portfolio of insurance and reinsurance underwriting businesses – each led by highly experienced underwriters and supported by sophisticated technology and pricing models. Our success is measured by the superiority of our services, reputation and financial results.

Highlights

- Max Capital Group completes first decade
 - Headcount in excess of 330
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Max

SPECIALTY INSURANCE & REINSURANCE
www.maxcapgroup.com