

AXIS CAPITAL HOLDINGS LTD
Form DEF 14A
March 28, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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AXIS CAPITAL HOLDINGS LIMITED
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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March 28, 2007

Dear Shareholder:

You are cordially invited to attend the 2007 Annual General Meeting of Shareholders of AXIS Capital Holdings Limited (**AXIS**), to be held at our offices located at AXIS House, 92 Pitts Bay Road, Pembroke HM 08, Bermuda, on Friday, May 11, 2007 at 8:30 a.m. local time.

The attached Notice of Annual General Meeting of Shareholders and proxy statement describe the formal business to be transacted at the annual meeting. During the annual meeting, we will make available information relating to the operations of AXIS during the past year. Representatives from our independent registered public accounting firm, Deloitte & Touche, will be present to respond to appropriate questions from shareholders.

Please mark, date, sign and return your proxy card in the enclosed envelope by following the instructions on the proxy card at your earliest convenience. This will assure that your shares will be represented and voted at the meeting, even if you do not attend.

Sincerely,
/s/ Michael A. Butt
Michael A. Butt
Chairman of the Board

AXIS CAPITAL HOLDINGS LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 11, 2007

Notice is hereby given that the Annual General Meeting of Shareholders of AXIS Capital Holdings Limited will be held at our offices located at AXIS House, 92 Pitts Bay Road, Pembroke HM 08, Bermuda, on Friday, May 11, 2007 at 8:30 a.m. local time for the following purposes:

1. To elect four Class III Directors to hold office until 2010;
2. To approve the AXIS Capital Holdings Limited 2007 Long-Term Equity Compensation Plan;
3. To adopt amended and restated Bye-laws as described in the attached proxy statement;
4. To appoint Deloitte & Touche, Hamilton, Bermuda, to act as our independent registered public accounting firm for the fiscal year ending December 31, 2007 and to authorize the Board of Directors, acting through the Audit Committee, to set the fees for the independent registered public accounting firm; and
5. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only shareholders of record, as shown by the AXIS transfer books at the close of business on March 9, 2007, are entitled to notice of and to vote at the meeting.

Our financial statements for the year ended December 31, 2006 together with the report of our independent registered public accounting firm in respect of these financial statements will be presented at the meeting.

By Order of the Board of Directors,
/s/ Richard T. Gieryn, Jr.
Richard T. Gieryn, Jr.
Corporate Secretary

Pembroke, Bermuda
March 28, 2007

PLEASE COMPLETE, DATE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD IN THE RETURN ENVELOPE FURNISHED FOR THAT PURPOSE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT. YOU MAY ALSO VOTE OVER THE INTERNET OR BY TELEPHONE BY FOLLOWING THE VOTING INSTRUCTIONS PRINTED ON THE ACCOMPANYING PROXY CARD.

AXIS CAPITAL HOLDINGS LIMITED
92 PITTS BAY ROAD, PEMBROKE HM 08, BERMUDA

PROXY STATEMENT

FOR

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 11, 2007

March 28, 2007

We are furnishing this proxy statement to the shareholders of AXIS Capital Holdings Limited in connection with the solicitation of proxies by the Board of Directors of AXIS Capital Holdings Limited to be voted at the 2007 Annual General Meeting of Shareholders to be held at our offices located at AXIS House, 92 Pitts Bay Road, Pembroke HM 08, Bermuda, on Friday, May 11, 2007 at 8:30 a.m. local time, and at any postponements or adjournments of that meeting.

When used in this Proxy Statement, the terms we, us, our, the Company and AXIS Capital refer to AXIS Capital Holdings Limited.

The approximate date on which we are first sending this proxy statement and the accompanying proxy card is March 28, 2007.

When the accompanying proxy card is properly executed and returned, the proxies named on the proxy card will vote the common shares, par value U.S. \$0.0125 per share, of the Company that it represents as specified at the meeting on the following proposals:

- the election of the four nominees for the Class III Directors as identified in this proxy statement;
- the approval of the AXIS Capital Holdings Limited 2007 Long-Term Equity Compensation Plan;
- the approval of amended and restated Bye-laws to amend the director and officer indemnity provisions and to allow acquired shares of our capital stock to be held in treasury;
- the appointment of Deloitte & Touche, Hamilton, Bermuda, to act as our independent registered public accounting firm for the fiscal year ending December 31, 2007 and the authorization of our Board of Directors, acting through the Audit Committee, to set the fees for the independent registered public accounting firm; and
- such other business as may properly come before the meeting or any postponements or adjournments thereof.

Shareholders of record as of the close of business on March 9, 2007 are entitled to vote at the meeting. As of March 9, 2007, there were 153,715,446 outstanding common shares entitled to vote at the meeting. Except as set forth in our bye-laws, each common share entitles the holder of record to one vote. In accordance with our bye-laws, shareholders whose shares constitute 9.5% or more of the voting power of our common shares are entitled to less than one vote for each common share held by them, and we will notify them of their voting power prior to the meeting.

Election of the directors and approval of the other proposals requires the affirmative vote of a majority of the votes cast at the meeting by the holders of shares represented in person or by proxy at the meeting, provided that there is a quorum consisting of two or more persons present in person and

representing in person or by proxy shares representing more than fifty percent (50%) of the aggregate voting power of the Company. We will count common shares held by shareholders who are present in person or by proxy at the meeting and who elect to withhold authority to vote on any director nominee or who elect to abstain from voting on any proposal, as well as broker non-votes, towards the presence of a quorum but will not count those shares as a vote for any director or for any proposal. We will count common shares held by shareholders who have signed their proxy cards but have not specified how their shares are to be voted towards the presence of a quorum, and we will vote those shares for the election of directors and for any proposal.

Any shareholder giving a proxy has the power to revoke it prior to its exercise by sending notice of revocation to our Secretary in writing, by executing and delivering a subsequent proxy card or by voting in person at the meeting.

Our financial statements for the year ended December 31, 2006 together with the report of our independent registered public accounting firm in respect of these financial statements will be presented at the meeting.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes designated Class I, Class II and Class III. The term of office for each Class III director expires at the annual general meeting in 2007; the term of office for each Class II director expires at the annual general meeting in 2008; and the term of office for each Class I director expires at the annual general meeting in 2009. At each annual general meeting, the successors of the class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual general meeting to be held in the third year following the year of their election.

Four Class III directors are to be elected at the meeting to hold office until the annual general meeting in 2010. All of the nominees currently are directors. Our Corporate Governance and Nominating Committee recommended all of the nominees to our Board of Directors for election at the meeting. All nominees have consented to serve if elected. We do not expect that any of the nominees will become unavailable for election as a director, but if any nominee should become unavailable prior to the meeting, proxy cards authorizing the proxies to vote for the nominees will instead be voted for substitute nominees recommended by our Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES.

The table below sets forth the names, ages, class and positions of the nominees who are standing for election at the meeting:

Name	Age	Class	Positions
Geoffrey Bell	67	III	Director
Christopher V. Greetham	62	III	Director
Maurice A. Keane	65	III	Director
Henry B. Smith	58	III	Director

Geoffrey Bell has served as a director since September 2006. He is currently President of Geoffrey Bell and Company formed in 1982 as a consultant to major corporations and banks internationally providing advice on capital market transactions as well as undertaking economic, financial and country risk analysis. He is also the Founder and is a member of the Board of Directors of the Consultative Group of International Economic and Monetary Affairs known as the Group of 30.

Christopher V. Greetham has served as a director since October 2006. He retired from his position as Chief Investment Officer of XL Capital Ltd. in September 2006. From 1982 to 1996, Mr. Greetham was

Chief Financial Officer of OIL Insurance Ltd. and President of OIL Investment Corporation Ltd. Between 1975 and 1982, he served as an investment analyst and a portfolio manager at Bankers Trust Company.

Maurice A. Keane has served as a director since September 2002. He is also Chairman of the Board of AXIS Specialty Holdings Ireland Limited and a director of AXIS Specialty Europe Limited. Mr. Keane was formerly the Group Chief Executive Officer of the Bank of Ireland, a position he held from 1998 until his retirement in 2002. He was Deputy Group Chief Executive Officer from 1991 through 1997, having been a Managing Director since 1983. He is currently Chairman of University College Dublin Foundation Limited and BUPA Ireland Limited and a director of DCC plc.

Henry B. Smith has served on our Board of Directors since May 2004. Mr. Smith served as the Chief Executive Officer and President of W.P. Stewart & Co., Ltd. from May 2005 to March 2006. He has served as a director of W.P. Stewart & Co., Ltd. since June 1988. Mr. Smith is the former Chief Executive Officer of the Bank of Bermuda Limited, a position he held from March 1997 until March 2004. He joined the Bank of Bermuda in 1973 as a management trainee and held various senior positions within the Bank of Bermuda, including Executive Vice President and Chief Operation Officer, Executive Vice President, Europe and Senior Vice President and General Manager, Retail Banking. He is a director of the Bank of Bermuda and W.P. Stewart & Co., Ltd.

The table below sets forth the names, ages, class and positions of the directors who are not standing for election at the meeting:

Name	Age	Class	Position
Michael A. Butt	64	I	Chairman of the Board
John R. Charman	54	I	Chief Executive Officer, President and Director
Charles A. Davis	58	I	Director
Robert L. Friedman	64	II	Director
Donald J. Greene	73	II	Director
Jurgen Grupe	69	II	Director
Sir Andrew Large	64	I	Director
Frank J. Tasco	79	II	Director

Michael A. Butt has been Chairman of the Board since September 2002. Mr. Butt is also Chairman of the Board of AXIS Specialty Limited. Mr. Butt has over 40 years of insurance industry experience. From 1982 to 1986, Mr. Butt was the Chairman of Sedgwick Limited and Vice Chairman of the Sedgwick Group plc. From 1987 to 1992, Mr. Butt served as Chairman and Chief Executive Officer of Eagle Star Holdings plc and Eagle Star Insurance Company. From 1993 to 1998, Mr. Butt was Chief Executive Officer and President of Mid Ocean Limited. From 1998 to August 2002, Mr. Butt was a director of XL Capital Ltd. Mr. Butt is also a former director of the Farmers Insurance Group, BAT Industries and Istituto Nazionale delle Assicurazioni.

John R. Charman has been Chief Executive Officer and President and a director since our inception. Mr. Charman is also Chief Executive Officer and President of AXIS Specialty Limited. Mr. Charman has over 36 years of experience in the insurance industry and has been in a senior underwriting position since 1975. From 2000 to 2001, he served as deputy chairman of ACE INA Holdings and President of ACE International. Mr. Charman was also Chief Executive Officer at ACE Global Markets from 1998 to 2001. Prior to that, Mr. Charman was the Chief Executive Officer of Tarquin plc (a joint venture company among Insurance Partners, Harvard University and the Charman Group), the parent company of the Charman Underwriting Agencies at Lloyd's. He was also a deputy chairman of the Council of Lloyd's and a member of the Lloyd's Core Management Group and Lloyd's Market Board between 1995 and 1997. Mr. Charman has informed us that he intends to retire at the end of December 2008.

Charles A. Davis has served as a director since our inception. Since June 2005, Mr. Davis has been a member and the Chief Executive Officer of Stone Point Capital LLC. From 1998 until May 2005, he was with MMC Capital, Inc., a subsidiary of Marsh & McLennan Companies, Inc., serving as the Chief Executive Officer from 1999 to 2005 and Chairman from 2002 to 2005. He also served as a Vice Chairman of Marsh & McLennan Companies, Inc. from 1999 to November 2004. Prior to joining MMC Capital in 1998, Mr. Davis spent 23 years at Goldman, Sachs & Co., where, among other positions, he served as head of Investment Banking Services worldwide, head of the Financial Services Industry Group, a General Partner, a Senior Director and a Limited Partner. Mr. Davis is also a director of Media General, Inc., Merchants Bancshares Corporation and The Progressive Corporation.

Robert L. Friedman has served as a director since our inception. Since 1999, Mr. Friedman has been a Senior Managing Director of The Blackstone Group, L.P., and since February 2003 he has also been that firm's Chief Administrative Officer and Chief Legal Officer. Prior to joining Blackstone, Mr. Friedman was a partner at Simpson Thacher & Bartlett for 25 years, where he served as a senior member of that law firm's mergers and acquisitions practice. Mr. Friedman currently serves as a director of Northwest Airlines, Inc. and TRW Automotive Holdings Corp.

Donald J. Greene has served as a director since our inception. Mr. Greene was a name partner of LeBoeuf, Lamb, Greene & MacRae LLP, where he practiced from 1964 until his retirement in 2001. Mr. Greene is also a director of Associated Electric & Gas Insurance Services Limited and of its wholly-owned Lloyd's syndicate management company, AEGIS Managing Agency Limited. He is a former director of Equitable Life Assurance Company. He was a founding director and former Chairman of the International Insurance Foundation and a former director of the International Insurance Council. He is a member of the board of overseers of the School of Risk Management of St. John's University (which school was formerly the College of Insurance) and a director of the Risk Foundation. In addition, he is an invested Commander of the Most Excellent Order of the British Empire by order of Her Majesty's Government for service to Lloyd's, the British insurance industry and the community of international insurance and law.

Jurgen Grupe has served on our Board of Directors since May 2004. He is also a director of AXIS Specialty Holdings Ireland Limited and AXIS Re Limited. From 1998 until 2002, Mr. Grupe was a director of Aon Reinsurance Worldwide and Chairman of the Board of Aon Reinsurance Europe. Prior to Aon's acquisition of Jauch & Hubener GmbH in 1997, he was a partner at Jauch & Hubener and Chairman of its reinsurance brokerage company.

Sir Andrew Large has served as a director since December 2006. He retired as Deputy Governor for Financial Stability at the Bank of England and member of the Bank's Monetary Policy Committee in 2006. Prior to his appointment to the Bank of England in September 2002, he was Deputy Chairman of the Board of Barclays Bank plc from May 1998 when he also chaired the Group of 30 Project on Clearing and Settlement. From 1992 to 1997, he chaired the Securities and Investments Board in the United Kingdom. He was an investment banker from 1970 through 1990 at Orion Bank and Swiss Bank Corporation of which he was a member of the Management Board from 1987 through 1989. He began his career at British Petroleum in 1964.

Frank J. Tasco has served as a director since our inception. Mr. Tasco retired in 1992 as Chairman of the Board and Chief Executive Officer of Marsh & McLennan Companies, Inc., a position he held since 1986. From December 1992 to December 1994, Mr. Tasco served as Chairman of Borden, Inc.

CORPORATE GOVERNANCE

Independence of Directors

Our Board of Directors consists of 12 directors, of which ten are non-management directors. The board has determined that all ten of our non-management directors are independent as defined in the listing standards of the New York Stock Exchange. The board has made this determination based primarily on a review of the responses of the directors to questions regarding employment and compensation history, family relationships and affiliations, and discussions with the directors. With respect to Mr. Charles A. Davis, the board reviewed his current relationship with Stone Point Capital, LLC and the amount of our common shares and warrants owned by entities that are managed by or affiliated with Stone Point. The board determined that neither this relationship nor the amount of common shares and warrants that may be deemed to be beneficially owned by Stone Point or its affiliates constituted a material relationship with us as defined in the listing standards of the New York Stock Exchange. With respect to Mr. Robert L. Friedman, the board reviewed his relationship with Blackstone Group, L.P. and various investments held by us that are managed by affiliates of Blackstone. The board determined that these transactions did not constitute a material relationship with us as defined in the listing standards of the New York Stock Exchange. For more details about these transactions and our share ownership, see [Certain Relationships and Related Transactions](#) and [Principal Shareholders](#) in this proxy statement.

Meetings of the Board of Directors and its Committees

Pursuant to our Corporate Governance Guidelines, we expect directors to attend all meetings of our Board of Directors, all meetings of all committees of the board on which they serve and each annual general meeting of shareholders, absent exigent circumstances. Our Board of Directors met five times during the year ended December 31, 2006. No director attended fewer than 75% of the aggregate of the total number of meetings of the board and the total number of meetings of all committees of the board on which the director served. Eight of the ten directors then serving attended the 2006 annual general meeting of shareholders. Our non-management directors meet quarterly at executive sessions without management. They have selected Mr. Greene as the presiding director.

Our Board of Directors currently maintains Executive, Audit, Compensation, Corporate Governance and Nominating, and Finance Committees. Current copies of the charter for each of these committees, as well as our Corporate Governance Guidelines and Code of Business Conduct, are available on our website at www.axiscapital.com and are available, without charge, in print to any shareholder who requests them by contacting our Secretary at 92 Pitts Bay Road, Pembroke, Bermuda, HM 08.

Executive Committee. The Executive Committee is composed of Messrs. Butt, Charman and Davis and is chaired by Mr. Greene. This committee may exercise the authority of the Board of Directors when the entire Board of Directors is not available to meet, except in cases where the action of the entire Board of Directors is required by our memorandum of association, our bye-laws or applicable law. The Executive Committee did not meet during the year ended December 31, 2006.

Audit Committee. The Audit Committee is composed of Messrs. Greene, Keane and Smith, with Mr. Smith serving as Chairman. This committee has general responsibility for the oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditors' qualifications and independence and the performance of our internal audit functions and independent auditors. The committee appoints, retains and determines the compensation for our independent auditors, pre-approves fees and services of the independent auditors and reviews the scope and results of their audit. The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the U.S. Securities Exchange Act of 1934, as amended (the [Exchange Act](#)). Each member of the Audit Committee is a non-management director and is independent as defined in the listing standards of the New York Stock Exchange and under the Exchange Act. Our Board of Directors has

determined that each of Messrs. Greene, Keane and Smith qualify as audit committee financial experts pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). The Audit Committee met nine times during the year ended December 31, 2006.

Compensation Committee. The Compensation Committee is composed of Messrs. Greene, Greetham, Grupe and Smith and is chaired by Mr. Tasco. This committee establishes our Chief Executive Officer's and our other executive officers' compensation in light of our established corporate performance goals and makes recommendations to our Board of Directors with respect to overall officer, management and employee compensation policies, incentive compensation plans, equity-based plans and director compensation. Each member of this committee is a non-management director and is independent as defined in the listing standards of the New York Stock Exchange. The Compensation Committee met four times during the year ended December 31, 2006.

Compensation Committee Process

Under our Compensation Committee's charter, the Committee has the power and duty to set the Chief Executive Officer's annual compensation after evaluating his performance under corporate goals and objectives that the Compensation Committee sets each year. The Compensation Committee also has the authority to make recommendations to the Board regarding compensation programs and policies affecting other employees, including the other executive officers, and the form and amount of director compensation. The Compensation Committee is empowered to approve initial offers of employment, salary increases, bonuses and other incentive payments for our highest salary grade level employees, including our executive officers, and must approve all equity awards to our executive officers. The Compensation Committee is also responsible for the design of our incentive and equity compensation plans and any changes or amendments to those plans. The Compensation Committee is permitted to delegate any of its responsibilities to subcommittees in its discretion, but to date has not done so.

Our Compensation Committee generally receives proposals and information from our human resources department and from our Chief Executive Officer for their consideration regarding executive and director compensation. Our Chief Executive Officer makes recommendations regarding salary increases, annual cash incentives and equity awards for all of our executive officers other than himself. Our Compensation Committee receives input and recommendations from our chief human resources officer, in consultation with third-party consultants and senior management, as required, regarding director compensation. However, the Compensation Committee is responsible for recommendations to the Board regarding director compensation. The Committee also approves salary increases, incentive payments and equity awards for our executive officers.

Our Compensation Committee has sole authority to retain and terminate any consultants used to evaluate executive compensation, and may retain other advisors if and when it deems necessary. The Compensation Committee employs compensation consultants to assist in establishing compensation policies and programs, and considers reports prepared by compensation consultants engaged by management. The consultants prepare reports comparing our compensation programs to those of peer companies, to aid the Compensation Committee in ensuring the competitiveness and appropriateness of our compensation programs. During 2006, our human resources department engaged Mercer Human Resources Consulting on behalf of the Compensation Committee to provide an analysis of our executive compensation programs. In 2005, management engaged the firm of Pearl Meyer & Partners on behalf of the Compensation Committee to analyze our director compensation program. Pearl Meyer & Partners provided a report in January of 2006 that the Compensation Committee used in 2006 to determine adjustments to our director compensation program.

At the beginning of each calendar year, our Compensation Committee generally reviews the incentive plan results from the prior year, establishes the performance goals under the incentive plan for the current

year, approves the Compensation Committee's report for our proxy statement and conducts a self-assessment. Mid-year the Compensation Committee generally reviews the compensation consultant's report, if any, regarding our executive compensation program and generally reviews our compensation programs. In the fall of each year, the Compensation Committee reviews our director compensation program, approves any needed changes to the director compensation program, and conducts a preliminary assessment of our performance for the year. Our Compensation Committee generally meets at the end of each calendar year to make decisions regarding the salaries for the next calendar year, and to determine the equity awards and incentive cash payments that will be made at the beginning of the next calendar year, subject to final year-end results.

Compensation Committee Interlocks and Insider Participation

During the year ended December 31, 2006, none of our executive officers served as a member of the compensation committee or as a director of another entity, one of whose executive officers served on our Compensation Committee or as one of our directors.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is composed of Messrs. Bell, Davis and Friedman and is chaired by Mr. Greene. This committee takes a leadership role in shaping our corporate governance by identifying and proposing qualified director nominees, overseeing the purpose, structure and composition of the board committees, overseeing the annual evaluation of the Board of Directors and the committees and periodically reviewing our Code of Business Conduct and Corporate Governance Guidelines. Each member of this committee is a non-management director and is independent as defined in the listing standards of the New York Stock Exchange. The Corporate Governance and Nominating Committee met four times during the year ended December 31, 2006.

Consideration of Director Nominees

The Corporate Governance and Nominating Committee will consider candidates recommended by shareholders to be nominated to our Board of Directors for election at the annual general meeting of shareholders. A shareholder who wishes to submit a candidate for consideration must be a shareholder of record at the time that it submits a candidate for nomination and must be entitled to vote for the candidate at the meeting. A shareholder must give written notice of the submission to our Secretary not less than 90 days nor more than 120 days prior to the anniversary of the annual general meeting of shareholders for the preceding year. The notice must include:

- the name, age and business and residence addresses of the candidate,
- the principal occupation or employment of the candidate,
- the number of common shares or other securities of the Company beneficially owned by the candidate,
- all other information relating to the candidate that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act, and
- the candidate's written consent to be named in the proxy statement and to serve as a director if elected.

The notice must also include information on the shareholder submitting the nomination, including the shareholder's name and address as it appears on our books and the number of our common shares beneficially owned by the shareholder.

The Corporate Governance and Nominating Committee believes that directors should be persons who combine the highest standards of integrity and significant accomplishments in their chosen field of

endeavor. Directors should bring a diversity of experiences, skills and perspectives to our Board of Directors. The committee considers qualities of intelligence, honesty, perceptiveness, good judgment, high ethics and standards, integrity and fairness to be of paramount importance. It also examines experience, knowledge and skills in business judgment, leadership, strategic planning, general management practices and crisis response. In addition, the committee looks for candidates with financial expertise and a willingness and ability to commit the time required to fully discharge their responsibilities to the board. The committee evaluates candidates on the basis of their qualifications and not on the basis of the manner in which they were submitted for consideration.

Finance Committee. The Finance Committee is composed of Messrs. Bell, Friedman and Greetham and is chaired by Mr. Davis. This committee generally approves and monitors the investment of funds and financing facilities. It is also responsible for establishing our investment guidelines, approving the selection and terms of investment managers, evaluating the performance of investment managers, monitoring the need for additional financing and ensuring compliance with outstanding debt facility covenants. The Finance Committee met four times during the year ended December 31, 2006.

Code of Business Conduct

We have adopted a Code of Business Conduct that applies to all of our directors and employees, including our Chief Executive Officer and President, our Chief Financial Officer and our Controller. Copies of our Code of Business Conduct and our Corporate Governance Guidelines are available on our website at www.axiscapital.com and are available, without charge, in print to any shareholder who requests them by contacting our Secretary at 92 Pitts Bay Road, Pembroke, Bermuda, HM 08. We intend to disclose on our website any required amendment to, or waiver of, a provision of the Code of Business Conduct that applies to our Chief Executive Officer and President, our Chief Financial Officer or our Controller. In addition, waivers of the Code of Business Conduct for our directors and executive officers may be made only by our Board of Directors or the Corporate Governance and Nominating Committee and will be promptly disclosed to shareholders on our website in accordance with the listing standards of the New York Stock Exchange.

Shareholder Communications with the Board of Directors

Shareholders and other interested parties may send communications to our Board of Directors by sending written notice to our Secretary. The notice may specify whether the communication is directed to the entire board, to the non-management directors, to the presiding director of the non-management directors or to a particular board committee or other director. Our Secretary will handle routine inquiries and requests for information or will otherwise determine whether the communication is made for a valid purpose and is relevant to the Company and its business and, if he so determines, will forward the communication to the Chairman of the Board, to the non-management directors or to the appropriate committee chairman or director. At each meeting of our Board of Directors, our Secretary presents a summary of all communications received since the last meeting that were not forwarded and makes those communications available to the directors on request.

PRINCIPAL SHAREHOLDERS

The following table sets forth information as of February 23, 2007 regarding beneficial ownership of our common shares by each of the following, in each case based on information provided to us by these individuals:

- each person or group known to us to be the beneficial owner of more than 5% of our common shares;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

	Number of Common Shares (1)	Percent of Outstanding Common Shares (1)
<u>Directors and Executive O</u>		