

ARCH CAPITAL GROUP LTD.  
Form 4  
February 27, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
JONES RALPH E III

2. Issuer Name and Ticker or Trading Symbol  
ARCH CAPITAL GROUP LTD.  
[ACGL]

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Pres&CEO Arch Ins. Group Inc.

(Last) (First) (Middle)  
C/O ARCH INSURANCE GROUP INC., ONE LIBERTY PLAZA  
53RD FLOOR

3. Date of Earliest Transaction (Month/Day/Year)  
02/23/2006

(Street)  
NEW YORK, NY 10006

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Shares \$.01 par value per share				(A) or (D)			
Common Shares, \$.01 par value per share	03/02/2005		W	166 A (3)	166	I	By spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Restricted Share Units	(1)	02/23/2006		A	6,000	(1) (1)	Common Shares, \$.01 par value per share 6,000
Stock Option (right to buy)	\$ 56.27	02/23/2006		A	30,000	(2) 02/23/2016	Common Shares, \$.01 par value per share 30,000

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director      10% Owner      Officer      Other

JONES RALPH E III  
C/O ARCH INSURANCE GROUP INC.  
ONE LIBERTY PLAZA 53RD FLOOR  
NEW YORK, NY 10006

Pres&CEO  
Arch Ins. Group  
Inc.

## Signatures

/s/ Ralph E. Jones III      02/27/2006

\*\*Signature of Reporting Person      Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Subject to the applicable award agreement, represents restricted share units that vest in three equal annual installments on February 23rd in each of 2007, 2008 and 2009, and will settle in the Issuer's common shares upon the termination of the Reporting Person's employment as specifically provided in the agreement.

(2) The stock option will become exercisable in three equal installments, with the first installment becoming exercisable on February 23, 2007 and the next two installments on February 23, 2008 and February 23, 2009, subject to the applicable award agreement.

(3) Represents shares received by inheritance.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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