

2007 Catlin Group Limited Investor Day

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Introduction/ Trading Update

Stephen Catlin
Chief Executive

Introduction

- Trading Update
- Earnings Patterns
- Risk Appetite/Catastrophe Threat Scenarios
- Accident Year Loss Reserve Development

Trading Update

- Group continues to perform well
- GPW of US\$2.73 billion through 30 September 2007
- Business retention continues to be strong
- Weighted average premium rates decrease of 5%
- Decision to take a charge of US\$75 million in respect of subprime-related investments
- Subprime book value of US\$12 million after charge and sales
- Profit impact broadly neutralised by benign catastrophe experience in second half
- Currently expect weighted average premium rates to decrease by as much as 10% in 2008

Earnings Patterns

Christopher Stooke
Chief Financial Officer

Analysis of Earned Premium

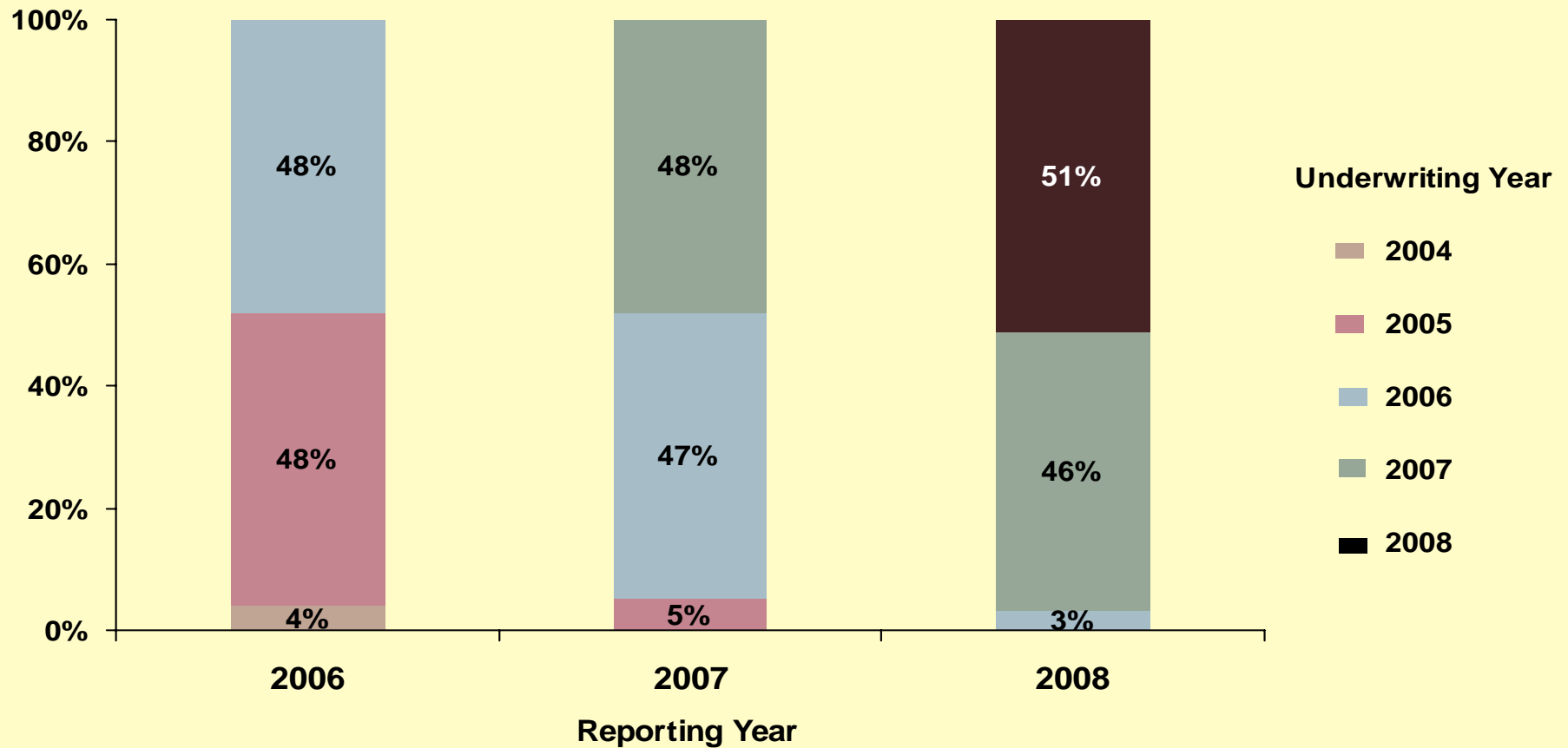
- Names' interest in Catlin Syndicate

Underwriting
Year

2006	33% interest in Syndicate 2020 (equivalent to 20.8% of combined Syndicate underwriting)
2007	12.5% quota share of Syndicate 2003
2008	12.5% quota share of Syndicate 2003
2009	No interest

- Approximately 50% of net premiums earned in a calendar year relate to premiums written in previous underwriting years
- Decline in Names' interest results in underlying growth in net premiums earned during the period to 2011

Illustration of Earnings Pattern



Embedded Growth - Illustration

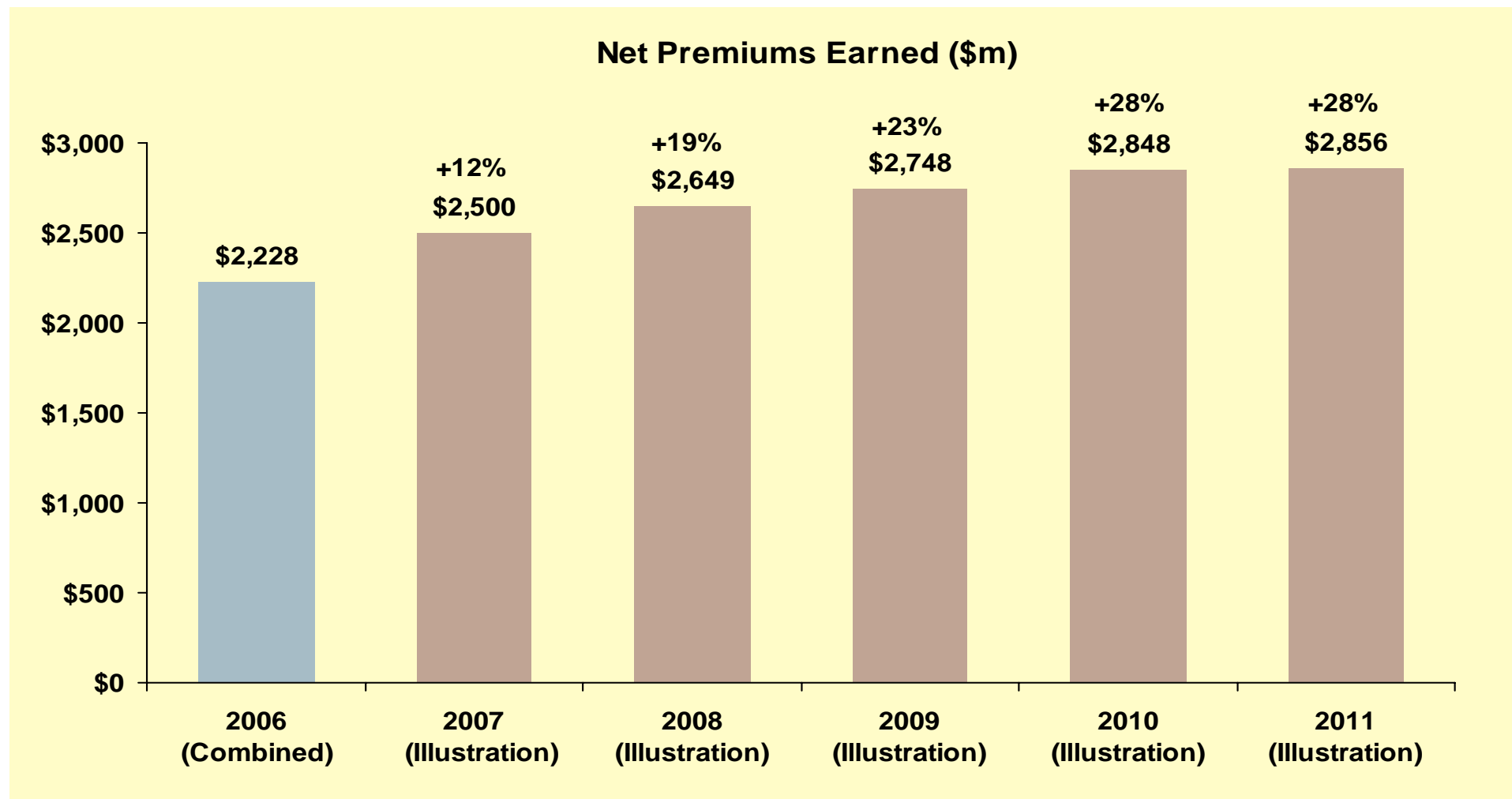
- Illustration of underlying premiums assumes no growth from 2008-2011

(US\$m)	Net Premiums Earned				
	2007	2008	2009	2010	2011
Underlying premiums ¹	2,856	2,856	2,856	2,856	2,856
Names' share of Syndicate 2020 for 2005-06	(265)	(16)	--	--	--
Names' quota share of Syndicate 2003 for 2007	(91)	(100)	(8)	--	--
Names' quota share of Syndicate 2003 for 2008 ²	--	(91)	(100)	(8)	--
	2,500	2,649	2,748	2,848	2,856

¹ After adding back Names' share of Syndicate 2020 and quota share of Syndicate 2003.

² 2008 quota share assumed to be the same as for 2007

Cumulative Embedded Growth



Risk Appetite/ Catastrophe Threat Scenarios

Paul Martin
Group Chief Actuary

Please refer to the Limitations in Appendix A on Slide 47

Introduction

- The greatest likelihood of significant loss for Catlin arises from natural or man-made catastrophe events, including but not limited to:
 - ◆ Windstorms
 - ◆ Earthquakes
 - ◆ Terrorism
 - ◆ Pandemics
 - ◆ Macroeconomic events
 - ◆ Man-made events
 - Systemic casualty exposures
 - Other (aviation/marine collisions, oil spills, etc.)

Group Risk Appetite

- Catlin controls exposure via:
 - ◆ Restricted catastrophe zonal aggregates
 - ◆ A diversified portfolio of risk
 - ◆ Reinsurance protection
- Focus is on downside risk to capital
- Objective is to benefit from an improved pricing environment in subsequent years following an event
 - ◆ Price correction more likely following event impacting many correlated classes of business
 - ◆ Aim to continue to trade without need to raise additional capital

Group Risk Appetite

- The Group's tolerance for risk is a function of expected profit and available capital
- The intent of the defined Risk Appetite is to limit exposure from a single event to a maximum of one year's profit plus 10% of capital if a 1-in-100-year event occurs
- Risk appetite is decreased in areas with greater degrees of uncertainty in loss measurement
- Multiple event risk appetite is monitored as part of the Group's capital model

Measurement – Single Event

- Single events are monitored as follows:
 - ◆ Individual perils and zones are considered separately
 - ◆ Windstorm risk in the US can be significantly correlated across geographic zones (Southeast, Gulf of Mexico, Mid-Atlantic, Northeast)
 - ◆ Catlin models the US as one region for windstorm

Measurement – Single Event

- Catlin monitors aggregation using a combination of approaches
- Our approach utilises latest modelling tools (in-house and third party)
- Third party modelling tools have seen significant increase in both frequency and severity components
- Major modelling agencies can have significantly different views of both short term and long term frequency and severity

Measurement – Single Event

- Uncertainties include but are not limited to:
 - ◆ Economic values
 - ◆ Insured values and other data items
 - ◆ Non-modelled perils
 - ◆ Modelling and parameter uncertainty
 - ◆ Damage factor estimation
 - ◆ Limited historic validation of models
- Therefore Catlin applies additional prudence to modelled estimates to reflect degree of uncertainty for each loss scenario

Measurement – Single Event

- Estimates are disclosed on two bases:
 - ◆ Data model output estimates are current interpretation of how external models and methods should be applied.
They are used for:
 - Market-consistent comparisons
 - Regulatory returns
 - ◆ Adjusted estimates include management's prudential margins.
They are used for:
 - Risk appetite/capital management
 - Pricing
 - Reinsurance purchasing

Examples of Catastrophe Threat Scenarios

Data Model Output – Not a Prediction of Actual Loss

US\$m at 1 October 2007	Florida (Miami) Windstorm	California Earthquake	Gulf of Mexico Windstorm	European Windstorm	Japanese Earthquake
Estimated industry loss	100,000	70,000	100,000	30,000	50,000
Catlin Group					
Gross loss	627	826	930	545	570
Reinsurance effect ¹	(394)	(548)	(589)	(320)	(384)
Modelled net loss	233	278	341	225	186
Modelled net loss as % of NTA ²	12%	14%	18%	12%	10%

¹ Reinsurance effect includes impact of inwards and outwards reinstatements

² Net tangible assets ('NTA') amounted to US\$1.94 billion at 30 June 2007; NTA defined as total stockholders' equity (including preferred shares), less intangible assets net of associated deferred tax

- Modelled loss figures above are mean losses
- Significant variances around the mean are possible (i.e. for a given market loss scenario there is a wide range of potential Catlin outcomes)

Examples of Catastrophe Threat Scenarios

Adjusted Data Model Output – Not a Prediction of Actual Loss

US\$m at 1 October 2007	Florida (Miami) Windstorm	California Earthquake	Gulf of Mexico Windstorm	European Windstorm	Japanese Earthquake
Estimated industry loss	100,000	70,000	100,000	30,000	50,000
Catlin Group					
Gross loss	848	930	1,220	575	578
Reinsurance effect ¹	(525)	(621)	(749)	(324)	(384)
Modelled net loss	323	309	471	251	194
Modelled net loss as % of NTA ²	17%	16%	24%	13%	10%

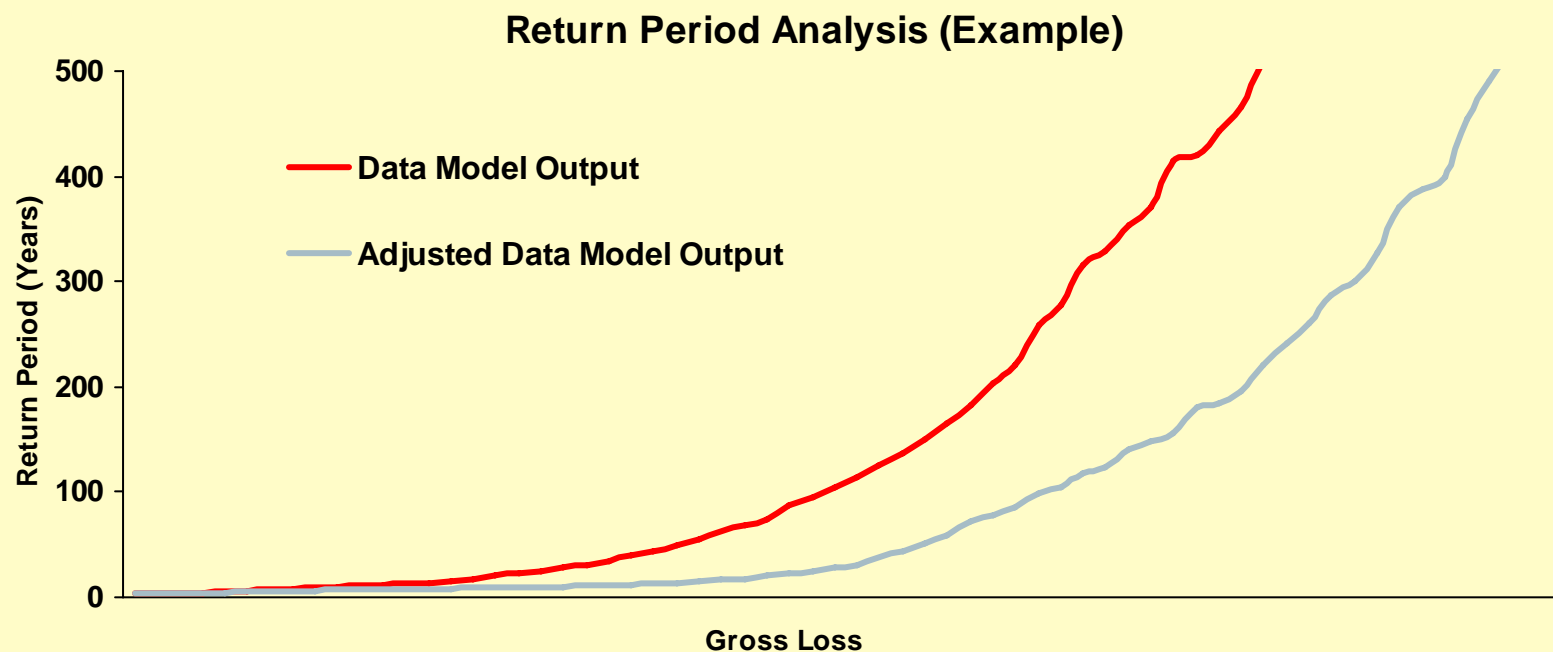
¹ Reinsurance effect includes impact of inwards and outwards reinstatements

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- Modelled loss figures above are mean losses
- Significant variances around the mean are possible (i.e. for a given market loss scenario there is a wide range of potential Catlin outcomes)

Measurement – Single Event

- Risk to capital base reduced by application of Catlin adjustments
- Significant changes in loss estimates for any given return period



Measurement – Multiple Events

- Real-time data collection
- Formal monthly review by underwriting management
- Quarterly review meetings with each business class within the Group
- Underwriters, actuaries and catastrophe loss modelling specialists agree return period loss estimates for more than 100 Catastrophe Threat Scenarios

Measurement – Multiple Events

- In 2003 Catlin developed an internal Dynamic Financial Analysis Capital Model to:
 - ◆ Assist in quantifying the capital required for a given risk tolerance
 - ◆ Determine the capital to support the Group business plan
- The capital model is designed to measure the potential impact of:
 - ◆ Underwriting risk
 - ◆ Reserving risk
 - ◆ Investment risk
 - ◆ Credit risk
 - ◆ Liquidity risk
 - ◆ Operational risk

Measurement – Multiple Events

- The output from the capital model is used to allocate Group capital to individual lines of business to:
 - ◆ Set gross underwriting profit requirements
 - ◆ Assist reinsurance purchasing strategy
 - ◆ Evaluate capital needs for new initiatives
- English Matthews Brockman ('EMB')* engaged during 2006 to review capital modelling process
 - ◆ “One of the more sophisticated capital quantification approaches seen in the market”

* EMB is one of the world's leading actuarial and business consultancy firms specialising in non-life insurance

Conclusions

- Best practice modelling and capital management
- Risk appetite approach conservative compared to external models
- Pricing and reinsurance strategy take account of uncertainty
- Not betting the bank

Accident Year Loss Reserve Development

Paul Martin
Group Chief Actuary

Please refer to the Limitations in Appendix B on Slide 49

Reserving Philosophy

- Catlin adopts a conservative reserving philosophy
- Catlin sets loss reserves conservatively relative to the independent actuarial advisors' best estimate, reflecting the inherent uncertainties in estimating insurance liabilities

Reserving Process

- Internal actuaries aligned with every business group/
business class in every platform
- Full quarterly assessment of reserves involves detailed meetings
with:
 - ◆ Claims staff
 - ◆ Underwriters
- Peer review and oversight by:
 - ◆ Platform Chief Actuary
 - ◆ Group Head of Reserving
 - ◆ Group Chief Actuary
- Auditors review actuarial processes/methods annually
- Independent actuaries engaged to form own estimates

Independent Actuarial Advisors

- Catlin Group's independent actuarial advisors
 - ◆ Scope at 31 December 2006 and 2007 includes both legacy Catlin and legacy Wellington reserves
- Wellington's independent actuarial advisors
 - ◆ Broadened scope at 31 December 2006 included full independent estimate of legacy Wellington reserves
 - ◆ Ongoing estimate of legacy Wellington reserves at 31 December 2007

Accident Year Development

- Development by accident year
 - ◆ More transparent than by underwriting year
- The disclosure of accident year development covers:
 - ◆ Legacy Catlin only
 - ◆ Net paid and net ultimate losses since 31 December 2003
 - ◆ Including and excluding large losses
 - ◆ Restated as if Catlin always owned 100% of historic Syndicate capacity
 - ◆ As at 31 December 2006; restated to 31 December 2006 exchange rates

Wellington

- Wellington reserves at 31 December 2006 were in line with Catlin reserving philosophy
- Shown as reconciling item in this disclosure
- Will be included within the 2007 accident year in future disclosures
 - ◆ Will be at 100% share
 - ◆ Adjustment to actual Catlin Group share will be reconciling item
- Legacy Wellington accident year loss development at 31 December 2006 (as previously disclosed) included on Slides 54-55 in Appendix B

Legacy Wellington Reserves

- Extensive due diligence prior to completion
 - ◆ Catlin internal actuaries and independent actuarial advisors
- Reserves at 31 December 2006 set in line with Catlin philosophy and conservative relative to:
 - ◆ Catlin independent actuarial advisors' best estimate
 - ◆ Wellington independent actuarial advisors' best estimate
 - ◆ Case estimates on issues consistent across both companies
- Underlying business shares similar characteristics with Catlin
 - ◆ Similar reserving issues
- Wellington track record of reserving surpluses
 - ◆ Surplus in 2005 and 2006
- No new issues emerging during 2007
 - ◆ Reserves running off in line with expectations
 - ◆ Increased confidence in reserve levels

Legacy Net Reserves (at 31 December 2006)

US\$m	Legacy Catlin net reserves	Legacy Wellington net reserves ¹	Total net reserves	Percent of total net reserves
Accident Year				
2002 and prior	275	285	560	19%
2003	129	92	221	7%
2004	188	136	324	11%
2005	466	468	934	31%
2006	508	432	940	31%
	1,566	1,413	2,979	99%
Other Legacy Catlin net reserves ²	29	--	29	1%
Total net reserves	1,595	1,413	3,008	100%

1 Catlin share of Legacy Wellington accident year net reserves estimated in line with corporate share of relevant underwriting period

2 Other legacy Catlin reserves include unallocated claims handling expenses, potential reinsurance failure and dispute, other outwards reinsurance and foreign exchange adjustments

Highlights

- Overall:
 - ◆ Reduction in Legacy Catlin net loss estimates in aggregate since 31 December 2003
 - ◆ 2002 and prior accident years' deterioration more than offset with surpluses from 2003-2006 accident years
- Paid claims triangles can be found in the appendix

Legacy Catlin Net Ultimate Claims

Including Large Losses

US\$m	Accident Year				
	2002 & prior	2003	2004	2005	2006
Net premiums earned		969	1,224	1,250	1,352
Initial estimate	1,662*	441	695	968	672
One year later	1,676	426	626	952	
Two years later	1,691	397	600		
Three years later	1,739	396			

* Initial estimate for 2002 and prior shown as at 31 December 2003

Large Losses

Accident Year	Event
2002 & prior	World Trade Center/US Terrorism 9/11
2004	Hurricane Charley
2004	Hurricane Frances
2004	Hurricane Ivan
2004	Hurricane Jeanne
2005	Hurricane Katrina
2005	Hurricane Rita
2005	Hurricane Wilma

Legacy Catlin Net Ultimate Claims

Large Losses Only

US\$m	Accident Year				
	2002 & prior	2003	2004	2005	2006
Initial estimate	20*	--	115	334	--
One year later	20	--	116	386	
Two years later	19	--	118		
Three years later	20	--			

* Initial estimate for 2002 and prior shown as at 31 December 2003

Legacy Catlin Net Ultimate Claims

Excluding Large Losses

US\$m	Accident Year				
	2002 & prior	2003	2004	2005	2006
Net premiums earned		969	1,224	1,250	1,352
Initial estimate	1,642*	441	580	635	672
One year later	1,656	426	510	566	
Two years later	1,672	397	483		
Three years later	1,719	396			

* Initial estimate for 2002 and prior shown as at 31 December 2003

Legacy Catlin Ultimate Loss Ratios

Excluding Large Losses

US\$m	2002 & prior	Accident Year			
		2003	2004	2005	2006
Net premiums earned		969	1,224	1,250	1,352
Initial estimate	N/A	45.5%	47.4%	50.7%	49.7%
One year later	N/A	44.0%	41.6%	45.3%	
Two years later	N/A	40.9%	39.5%		
Three years later	N/A	40.8%			

2002 and Prior Accident Years

- Deterioration during 2004
 - ◆ US casualty
 - Reserves reassessed across several classes
 - Broadly stable since 2004
- Deterioration during 2005
 - ◆ The Accident Group - \$10 million
 - First settlement with a funding bank
 - ◆ UK Motor - \$6 million
 - Reassessment of bodily injury reserves due to potential increase in use of structured settlements
 - Immediately reflected in pricing bases

2002 and Prior Accident Years

- Deterioration during 2006
 - ◆ The Accident Group - \$10 million
 - Settlement with remaining funding bank
 - Material uncertainties removed
 - ◆ 2002 Motor loss - \$29 million
 - Late reported
 - Reserved into outwards reinsurance programme

2003 and 2004 Accident Years

- Both years continue to run off at a surplus

2005 Accident Year

- In aggregate the year has shown a run-off surplus
- Deterioration in estimates of 2005 hurricanes more than offset by other releases from reserves
- Reduced uncertainty relating to 2005 hurricanes:
 - ◆ Cumulative net paid last year – 28%
 - ◆ Cumulative net paid this year – 64%

2006 Accident Year

- Net loss ratio is in line with recent accident years (excluding large losses) at the same stage of development

Conclusion

- Catlin adopts a conservative reserving philosophy
- Catlin sets loss reserves conservatively relative to the independent actuarial advisor's best estimate, reflecting the inherent uncertainties in estimating insurance liabilities
- In aggregate, legacy Catlin reserve releases across all accident years since 31 December 2003

Appendix A

Risk Appetite/
Catastrophe Threat Scenarios

Limitations

Risk Appetite/Catastrophe Threat Scenarios

- Modelling Catastrophe Threat Scenarios is a complex exercise involving numerous variables and material uncertainty. The modelled output therefore does not constitute a prediction of what losses the Group would incur in the event of a modelled loss occurring.
- The selected Catastrophe Threat Scenarios are extreme and therefore highly uncertain. Should an event occur, the modelled outcomes may prove inadequate, possibly materially so. This may be for a number of reasons (i.e. legal requirements, model deficiency, non-modelled risks or data inaccuracies). Data as supplied by our insureds and ceding companies may prove to be inaccurate or could develop during the policy period. Furthermore, the assumptions made during any analysis will evolve following any actual event.
- A modelled outcome of net loss from a single event relies in significant part on the reinsurance arrangements in place, or expected to be in place at the time of the analysis, and may change during the year. The modelled outcomes assume that the reinsurance in place responds as expected with minimal reinsurance failure or dispute. Reinsurance is purchased to match the inwards exposure as far as possible, but it is possible for there to be a mismatch or gap in cover which could result in higher than modelled losses to the Group.
- Many parts of the reinsurance programme are purchased with limited reinstatements, and therefore the number of claims or events which may be recovered from second or subsequent events is limited. It should also be noted that renewal dates of the reinsurance programme do not necessarily coincide with those of the inwards business written. Where inwards business is not protected by risks attaching reinsurance programmes, the programmes could expire resulting in an increase in the possible net loss retained.

Appendix B

Accident Year
Loss Reserve Development

Limitations

Accident Year Loss Reserve Development

- Establishing insurance reserves requires the estimation of future liabilities, which depend on numerous variables. As a result, whilst reserves represent a good faith estimate of those liabilities, they are no more than an estimate and are subject to material uncertainty. It is possible that actual losses could materially exceed reserves.
- While the information in the tables above provides a historical perspective on the changes in the estimates of the claims liabilities established in previous years and the estimated profitability of recent years, users are cautioned against extrapolating future surplus or deficit on the current reserve estimates. The information may not be a reliable guide to future profitability as the nature of the business written might change, reserves may prove to be inadequate, the reinsurance programme may be insufficient, and/or reinsurers may fail or be unwilling to pay claims due.
- Management considers that the loss reserves and related reinsurance recoveries continue to be held at levels which are conservative relative to the independent actuarial advisors' best estimates based on the information currently available. However, the ultimate liability will vary as a result of inherent uncertainties and may result in significant adjustments to the amounts provided. There is a risk that, due to unforeseen circumstances, the reserves carried are not sufficient to meet ultimate liabilities.
- The accident year triangles were constructed using several assumptions and allocation procedures which are consistent with underlying premium earning profiles. Although we believe that these allocation techniques are reasonable, to the extent that the incidence of claims does not follow the underlying assumptions, our allocation of losses to accident year is subject to estimation error. This is primarily due to the fact that for certain types of business we do not necessarily receive sufficient information to allocate claims exactly to specific accident years. In many markets the convention is that loss amounts for a treaty or a delegated authority are advised on what is known as a 'bordereau' or an aggregate basis. In such presentations details on individual losses, other than perhaps large event losses, are not available.

Legacy Catlin Net Paid Claims

Including Large Losses

US\$m	2002 & prior	Accident Year			
		2003	2004	2005	2006
Net premium earned		969	1,224	1,250	1,352
Initial estimate	1,158*	100	206	221	164
One year later	1,300	178	348	486	
Two years later	1,399	237	412		
Three years later	1,464	267			

* Initial estimate for 2002 and prior shown as at 31 December 2003

Legacy Catlin Net Paid Claims

Large Losses Only

US\$m	Accident Year				
	2002 & prior	2003	2004	2005	2006
Initial estimate	9*	--	72	94	--
One year later	13	--	113	248	
Two years later	16	--	116		
Three years later	19	--			

* Initial estimate for 2002 and prior shown as at 31 December 2003

Legacy Catlin Net Paid Claims

Excluding Large Losses

US\$m	2002 & prior	Accident Year			
		2003	2004	2005	2006
Net premiums earned		969	1,224	1,250	1,352
Initial estimate	1,149*	100	134	127	164
One year later	1,286	178	235	238	
Two years later	1,383	237	297		
Three years later	1,445	267			

* Initial estimate for 2002 and prior shown as at 31 December 2003

Legacy Catlin Net Paid Loss Ratios

Excluding Large Losses

US\$m	2002 & prior	Accident Year			
		2003	2004	2005	2006
Net premiums earned		969	1,224	1,250	1,352
Initial estimate	N/A	10.3%	10.9%	10.1%	12.2%
One year later	N/A	18.4%	19.2%	19.0%	
Two years later	N/A	24.4%	24.2%		
Three years later	N/A	27.5%			

Wellington Syndicate 2020

Accident Year Gross Loss Development

£m	1999 & prior	2000	2001	2002	2003	2004	2005	2006	Total
Initial estimate of ultimate loss provision		366	894	460	350	436	1,266	385	
One year later		388	909	446	322	443	1,233		
Two years later		401	917	439	324	411			
Three years later		409	957	435	328				
Four years later		406	961	433					
Five years later	1,769	398	930						
Six years later	1,761	391							
Seven years later	1,728								
Current estimate of ultimate loss provision - gross	1,728	391	930	433	328	411	1,233	385	5,839
Cumulative payments to date	(1,616)	(340)	(745)	(315)	(210)	(282)	(550)	(37)	(4,095)
Remaining provision	112	51	185	118	118	129	683	348	1,744
Exchange movements									(67)
Other									12
Members' share									(655)
Group share of provision									1,034

Wellington Syndicate 2020

Accident Year Net Loss Development

£m	1999 & prior	2000	2001	2002	2003	2004	2005	2006	Total
Initial estimate of ultimate loss provision		193	305	264	252	344	623	358	
One year later		163	327	279	241	327	619		
Two years later		173	338	285	235	308			
Three years later		179	334	286	234				
Four years later		204	342	284					
Five years later	1,042	188	329						
Six years later	1,040	191							
Seven years later	995								
Current estimate of ultimate loss provision - net	995	191	329	284	235	308	619	358	3,319
Cumulative payments to date	(951)	(137)	(276)	(174)	(151)	(193)	(253)	(24)	(2,159)
Remaining provision	44	54	53	110	84	115	366	334	1,160
Exchange movements									(33)
Other									48
Members' share									(454)
Group share of provision									721

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