



**ARCH CAPITAL GROUP LTD.
Finance, Investment and Risk Committee Charter**

Organization

The Finance, Investment and Risk Committee (the “Committee”) of the Board of Directors of Arch Capital Group Ltd. (together with its subsidiaries, the “Company”) shall consist of no fewer than three members, each of whom shall have knowledge or experience relating to corporate and other financial matters.

The members of the Committee shall be appointed by and may be replaced by the Board of Directors. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board of Directors.

Purpose

The Committee is appointed by the Board of Directors to oversee the Board of Directors’ responsibilities relating to, and to make recommendations to the Board of Directors with respect to, (i) the financial affairs of the Company, (ii) the investment policy of the Company, including review of strategic investments, review of manager selection, benchmarks and investment performance and (iii) the enterprise risk management policies of the Company. The Committee will also review and make recommendations to the Board of Directors regarding capital management and liquidity matters, including debt and equity issuances and overall dividend policy, after considering the Company’s position relative to regulatory and rating agency capital requirements.

Meetings

The Committee shall meet on a regular basis and is empowered to hold special meetings as circumstances require, and shall make regular reports to the Board of Directors.

Committee Authority and Responsibilities

1. The Committee shall review and recommend to the Board of Directors financial policies for the Company, including, but not limited to, those relating to asset-liability structure, guarantee capacity, collateral usage and leverage.
2. The Committee shall review and make recommendations to the Board of Directors on all significant credit, letter of credit and other financing facilities.
3. The Committee shall review and recommend to the Board of Directors overall investment policy and shall review investment manager selection, benchmarks, duration and investment performance.

4. The Committee shall review and make recommendations to the Board of Directors on all capital-related and liquidity matters, including, but not limited to:
 - (a) Capital Planning and Allocation;
 - (b) Long-Term Debt Issuances;
 - (c) Common and Preferred Equity Issuances;
 - (d) Stock and Debt Redemptions or Buybacks; and
 - (e) Applicable legal and regulatory provisions relating to capital and liquidity matters.
5. The Committee shall review and recommend to the Board of Directors overall dividend policy, including special dividends and ordinary dividend declarations.
6. The Committee shall review and recommend to the Board of Directors strategic equity investments.
7. The Committee shall oversee enterprise risk management activities and monitor risks across the Company's organization as a whole, review the enterprise risk management framework implemented by management to address the Company's material risks and exposures, and recommend to the Board of Directors enterprise risk management policies and enterprise risk limits relating to material risks and exposures including:
 - (a) underwriting and pricing risk, including risk tolerance in the aggregate and by line of business and limits, aggregates and probable maximum losses from underwritten exposures;
 - (b) asset allocation, asset concentration and market risk, including exposures to changes in interest rates and/or foreign exchange rates and activities to manage such exposures;
 - (c) risks relating to reserves, reinsurance credit risk, including reviewing counterparty risk limits, and liquidity risk;
 - (d) operational risk, including information technology risks, business continuity and data security; and
 - (e) such other risks and exposures as determined by the Committee from time to time.

8. The Committee shall coordinate with other Board committees as appropriate to ensure completeness of the Board's enterprise risk oversight responsibilities and to avoid redundancy and/or gaps across committees where possible.
9. The Committee shall review and monitor management's implementation and execution of the Company's strategic plans consistent with its enterprise risk management policies and limits.
10. The Committee shall perform such other activities as the Board of Directors may from time to time deem necessary or appropriate.
11. The Committee may form and delegate authority to subcommittees when appropriate.
12. The Committee may review and reassess the adequacy of this charter and recommend any proposed changes to the Board of Directors for approval.