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**CATLIN GROUP LIMITED INTERIM MANAGEMENT STATEMENT**

HAMILTON, Bermuda – Catlin Group Limited ('CGL': London Stock Exchange), the international specialty property/casualty insurer and reinsurer, released the following interim management statement today.

**Highlights**

- 5 per cent increase in gross written premiums during nine months ended 30 September 2008
- 5 per cent decrease in average weighted premium rates
- -0.9 per cent total investment return for nine-month period
- Defensive asset allocation continues
- Group anticipates significant improvement in underwriting conditions

<b>US\$m</b>	<b>30 September 2008</b>	<b>30 September 2007</b>
Gross premiums written	2,858	2,735
Net premiums written	2,134	2,039
Investments and cash	6,184	5,851
Investment return to 30 September	(0.9%)	3.2%

**Underwriting Operations**

Gross premiums written during the nine-month period ended 30 September 2008 increased by 5 per cent to US\$2.9 billion, whilst net premiums written rose by 5 per cent to US\$2.1 billion. This performance is in line with expectations, and the Group believes it will meet the 2008 target of US\$3.4 billion in gross premiums written established in August 2008 when the Group's six-month results were announced.

The following table shows the breakdown of gross premiums written by source of business for the period ended 30 September 2008:

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**Catlin Group Limited Interim Management Statement / ... Page 2**

<b>US\$m</b>	<b>30 September 2008</b>	<b>30 September 2007</b>	<b>% change</b>
London/UK-originating business	1,978	2,095	-6%
Catlin Bermuda	374	291	28%
Catlin US-originating business	257	222	16%
International offices	249	127	96%
	<b>2,858</b>	<b>2,735</b>	<b>5%</b>

The decrease in London/UK-originating business was anticipated by the Group prior to the start of 2008 and reflects the challenging market during the first nine months of the year. Catlin Bermuda continued to show significant premium growth. The rate of growth from Catlin US accelerated during the third quarter as was anticipated. Catlin's international offices, particularly the European offices, continued to report excellent premium growth. The growth across these platforms and offices reaffirms our strategy to diversify our risk portfolio both geographically and by class of business.

Premium rates in general continued to decrease during the period ended 30 September 2008, although the reduction was not as great as originally projected by the Group. Average weighted premium rates across all classes of business incepting during the nine-month period decreased by 5 per cent. Average weighted premium rates for non-catastrophe classes decreased by 3 per cent during the period, whilst average weighted premium rates for catastrophe classes of business decreased by 9 per cent. This performance was virtually identical to that reported by the Group at 30 June 2008.

Despite the decrease in average weighted premiums rates, margins remained adequate for all classes of business underwritten.

**Claims**

On 17 October 2008 the Group announced that losses arising from Hurricanes Ike and Gustav were estimated at approximately US\$200 million, net of reinsurance protections and reinstatement premiums. There has been no change to this estimate, which is based on the assumption that market-wide losses from Hurricane Ike will amount to approximately US\$15 billion.

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**Catlin Group Limited Interim Management Statement / ... Page 3**

Losses and loss expenses for the nine-month period are larger than were anticipated by the Group at the start of the year, owing to both the hurricane losses and the increased frequency of single risk losses experienced earlier this year.

**Operating Expenses**

Operating expenses remained within budget during the first nine months of 2008.

**Investment Management**

As reported in our trading update on 17 October, the continued volatility in financial markets throughout 2008, particularly during the third quarter, has significantly eroded the Group's investment performance. Total net investment return for the nine-month period was -0.9 per cent. This return was calculated after valuing all investments on a mark-to-market basis and includes unrealised losses of US\$118 million on fixed income investments during the period.

Catlin continues to maintain defensive asset allocation and liquidity levels. At 30 September 2008, 40 per cent of the Group's investment assets was held in cash and cash equivalents (30 June 2008: 37 per cent). Cash and cash equivalents together with government securities and fixed income securities with less than six months to maturity represented 60 per cent of investment assets at 30 September 2008 (30 June 2008: 56 per cent).

**Foreign Exchange**

Catlin reports its financial results in US dollars but has significant sterling assets and operations. During the quarter ended 30 September 2008, the value of sterling weakened by more than 10 per cent against the US dollar. Catlin incurred exchange losses amounting to US\$15 million during the nine-month period (six-month period ended 30 June 2008: US\$7 million gain). These losses are stated net of exchange gains and are largely unrealised, resulting from the revaluation of balances held by Group companies in currencies other than their functional currency.

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**Catlin Group Limited Interim Management Statement / ... Page 4**

In addition, foreign exchange translation effects have reduced tangible equity by approximately US\$50 million and total equity by approximately US\$125 million during the nine-month period ended 30 September 2008. The majority of the translation effects relate to intangible assets.

**Capital**

As stated in the 17 October trading statement, the Group believes that current capital levels are sufficient to support the embedded growth that will arise in future years from the acquisition of Wellington Underwriting plc and the expected increased premium volumes during 2009 arising from improved market conditions.

**Outlook**

Stephen Catlin, chief executive of Catlin Group Limited, said:

“2008 has proven to be an extremely challenging year. However, these challenges – including Hurricane Ike and the turmoil in the financial markets – together with events affecting some of our major competitors have removed significant amounts of capital from the marketplace and are causing the market to turn. Rates for some types of reinsurance are already rising as a result, and we expect significantly improved conditions for most classes of reinsurance and some classes of insurance by year-end renewals. We believe rates for many other classes of insurance will begin to rise later in 2009.

“Catlin’s business plan for 2009 is based on increasing premium rates and volumes across the Group’s underwriting platforms and international offices. Catlin foresees good underwriting results in 2009 and beyond.”

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**Catlin Group Limited Interim Management Statement / ... Page 5****For more information contact:****Media Relations:**

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**Notes to editors:**

1. Catlin Group Limited, headquartered in Bermuda, is an international specialist property/casualty insurer and reinsurer writing more than 30 classes of business worldwide through four underwriting platforms and an international network of offices. Gross premiums written in 2007 exceeded US\$3.3 billion. Catlin shares are traded on the London Stock Exchange (ticker symbol: CGL). More information about Catlin can be found at [www.catlin.com](http://www.catlin.com).
2. Catlin's four underwriting platforms are:
  - The **Catlin Syndicate** at Lloyd's of London (Syndicate 2003), which is a recognised leader of numerous classes of specialty insurance and reinsurance. The Catlin Syndicate is the largest at Lloyd's in 2008 based on premium capacity of £1.25 billion.
  - **Catlin Bermuda** (Catlin Insurance Company Ltd.), which is a leading participant in the Bermuda market, underwriting a diversified portfolio of property treaty, casualty treaty, political risk and terrorism, and structured risk coverages.
  - **Catlin UK** (Catlin Insurance Company (UK) Ltd.), which specialises in underwriting commercial non-life insurance for UK clients through a network of regional offices. In addition, Catlin UK underwrites other classes of commercial business which are also written by the Catlin Syndicate.
  - **Catlin US**, which encompasses Catlin's operations based in the United States. Catlin US underwrites a wide variety of specialty property/casualty insurance and reinsurance products from a network of offices throughout the U.S. Catlin US includes Catlin Insurance Company Inc. and Catlin Specialty Insurance Company Inc.
3. Catlin's international network of offices allows the Group to diversify further its risk portfolio and to work more closely with local policyholders and brokers. Besides its offices in the UK, US and Bermuda, Catlin operates offices in Canada (Toronto and Calgary), Australia, Singapore, Malaysia, Hong Kong, China, Guernsey, Germany, Belgium, France, Spain, Italy, Switzerland, Austria and Brazil.