

AXIS CAPITAL HOLDINGS LTD
Form 424B2
September 30, 2005

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Filed Pursuant to
Rule 424(B)(2)
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PROSPECTUS SUPPLEMENT
(To Prospectus dated November 8, 2004)

10,000,000 Shares

AXIS Capital Holdings Limited

7.25% Series A Preferred Shares (Liquidation Preference \$25 Per Share)

We are selling 10,000,000 of our 7.25% series A preferred shares, par value \$0.0125 per share.

Upon liquidation, dissolution or winding-up, the holders of the series A preferred shares will be entitled to receive from our assets legally available for distribution to shareholders a liquidation preference of \$25 per share, plus declared and unpaid dividends, if any, to the date fixed for distribution. Dividends on the series A preferred shares will be payable on a non-cumulative basis only when, as and if declared by our board of directors, quarterly in arrears on the fifteenth day of January, April, July and October of each year, commencing on January 15, 2006, at a rate equal to 7.25% of the liquidation preference per annum (equivalent to \$1.8125 per share).

On and after October 15, 2010, we may redeem the series A preferred shares, in whole or in part, at any time, at a redemption price of \$25 per share, plus declared and unpaid dividends, if any, to the date of redemption. We may not redeem the series A preferred shares before October 15, 2010, except that we may redeem the series A preferred shares before that date at a redemption price of \$26 per share, plus declared and unpaid dividends, if any, to the date of redemption, if we submit to the holders of our common shares a proposal for an amalgamation or if we submit any proposal for any other matter that requires, as a result of a change in Bermuda law after the date of this prospectus supplement, for its validation or effectuation an affirmative vote of the holders of the series A preferred shares at the time outstanding, whether voting as a separate series or together with any other series or class of preference shares as a single class. The series A preferred shares have no stated maturity and will not be subject to any sinking fund or mandatory redemption and will not be convertible into any of our other securities or property.

There is currently no public market for the series A preferred shares. We have applied to list the series A preferred shares on the New York Stock Exchange under the symbol "AXSPRA." If the application is approved, trading in the series A preferred shares is expected to commence within 30 days after the initial delivery of the series A preferred shares. Our common shares are listed on the New York Stock Exchange under the symbol "AXS." The last reported sale price of the common shares on September 28, 2005 was \$28.00 per share.

You are urged to carefully read the "Risk Factors" section beginning on page S-8 of this prospectus supplement and on page 3 of the accompanying prospectus where specific risks associated with the series A preferred shares are described, along with the other information in this prospectus supplement and the accompanying prospectus, before you make your investment decision.

None of the Securities and Exchange Commission, any state securities commission, the Registrar of Companies in Bermuda, the Bermuda Monetary Authority or any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial Public Offering Price(1)	\$25.00	\$250,000,000
Underwriting Discounts and Commissions(2)	\$0.7875	\$7,875,000
Proceeds to AXIS Capital (before expenses)(2)	\$24.2125	\$242,125,000

- (1) The Initial Public Offering Price does not include accumulated dividends, if any, that may be declared. Dividends, if declared, will accumulate from October 5, 2005.
- (2) For sales to certain institutions, the underwriting commissions will be \$0.50 per series A preferred share and, to the extent of such sales, the total underwriting discounts and commissions will be less than the amount set forth above and the proceeds to us will be greater than the amount set forth above.

The underwriters expect to deliver the series A preferred shares to purchasers on or about October 5, 2005.

Joint Book-Running Managers

Citigroup Wachovia Securities Merrill Lynch & Co. Morgan Stanley

Banc of America Securities LLC Deutsche Bank Securities HSBC JPMorgan

September 28, 2005

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus relate to the offer and sale by us of the series A preferred shares. You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the underwriters are not making an offer to sell the series A preferred shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, results of operations, financial condition and prospects may have changed since those dates.

This prospectus supplement contains basic information about us and the series A preferred shares. This prospectus supplement may add, update or change information contained in or incorporated by reference into the accompanying prospectus. In addition, the information incorporated by reference into the accompanying prospectus may have added, updated or changed information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with any information in the accompanying prospectus or any information incorporated therein by reference, this prospectus supplement will apply and will supersede such information in the accompanying prospectus. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the additional information under the caption "Where You Can Find More Information" in this prospectus supplement.

Securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda, which regulates the sale of securities in Bermuda. In addition, the Bermuda Monetary Authority (the "BMA") must approve all issuances and transfers of securities of a Bermuda exempted company. We have obtained from the BMA their permission for the issue and free transferability of the series A preferred shares being offered pursuant to this prospectus supplement and the accompanying prospectus. The BMA accepts no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed in this prospectus supplement or in the accompanying prospectus. As used in this prospectus supplement and the accompanying prospectus, references to the "Company," "we," "us" or "our" refer to the consolidated operations of AXIS Capital Holdings Limited ("AXIS Capital") and its direct and indirect subsidiaries and branches, including AXIS Specialty Limited ("AXIS Specialty"), AXIS Re Limited ("AXIS Re"), AXIS Specialty Europe Limited ("AXIS Specialty Europe"), AXIS Reinsurance Company ("AXIS Reinsurance"), AXIS Specialty Insurance Company ("AXIS Insurance"), AXIS Surplus Insurance Company ("AXIS Surplus"), AXIS Re Europe and AXIS Specialty London, unless the context suggests otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, these statements can be identified by the use of forward-looking words such as "may," "should," "could," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential" and "intend." Forward-looking statements contained in this prospectus supplement include information regarding our estimate and assessment of losses related to Hurricanes Katrina and Rita, our expectations regarding pricing and other market conditions, our growth prospects, the amount of our net losses and loss reserves, the projected amount of our capital expenditures, managing interest rate and foreign currency risks, our valuations of potential interest rate shifts and foreign currency rate changes and measurements of potential losses in fair market values of our investment portfolio. Forward-looking statements only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Actual events or results may differ materially from our expectations. Important factors that could cause actual events or results to be materially different from our expectations include our losses related to Hurricanes Katrina and Rita exceeding our estimate and assessment, complex coverage and regulatory issues such as whether such losses result from storm surge or flood and the impact of such losses on our reinsurers. Additional important factors that could cause actual events or results to be materially different from our expectations include (1) our limited operating history, (2) the occurrence of natural and man-made disasters, (3) actual claims exceeding our loss reserves, (4) the failure of any of the loss limitation methods we employ, (5) the effects of emerging claims and coverage issues, (6) the failure of our cedents to adequately evaluate risks, (7) the loss of one or more of our key executives, (8) a decline in our ratings with rating agencies, (9) the loss of business provided to us by our major brokers, (10) changes in governmental regulations, (11) increased competition, (12) general economic conditions and (13) the other matters set forth under "Risk Factors" contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

AXIS CAPITAL HOLDINGS LIMITED

AXIS Capital is a holding company domiciled in Bermuda. Through our operating subsidiaries and branches based in Bermuda, Ireland, the United Kingdom, the United States and Switzerland, we provide specialty lines insurance and treaty reinsurance on a global basis. We focus on writing coverage for specialized classes of risk through our team of highly-skilled and experienced underwriters.

Through December 31, 2004, our business consisted of four underwriting segments: global insurance, global reinsurance, U.S. insurance and U.S. reinsurance. Effective January 1, 2005, we created two distinct global underwriting platforms AXIS Insurance and AXIS Re. Consistent with this strategic realignment of our organizational structure, we have reclassified our operations into two underwriting segments: insurance and reinsurance. Our insurance underwriting segment has been further divided into two sub-segments: U.S. insurance and global insurance.

Our global insurance sub-segment principally consists of specialty lines business that is sourced outside of the United States but covers exposures throughout the world, including:

Property;

Marine;

Terrorism and War Risk;

Aviation and Aerospace;

Political Risk; and

Professional Lines and Other Specialty.

Our U.S. insurance sub-segment principally consists of specialty lines business that is sourced in the United States and covers exposures predominately in the United States, including:

Property;

Liability;

Professional Lines; and

Other Specialty.

Our reinsurance segment principally consists of treaty reinsurance business that covers exposures throughout the world, including:

Catastrophe;

Property;

Professional Lines;

Credit and Bond;

Motor;

Liability; and

Other.

We seek to use our management's extensive expertise, experience and long-standing market relationships to identify and underwrite attractively-priced risks while delivering innovative insurance and reinsurance solutions to our customers. Our underwriters are focused on constructing a portfolio of risks that utilizes our capital while optimizing the risk-reward characteristics of the portfolio. We intend to continue to exercise highly-disciplined underwriting practices and manage a diverse book of business while seeking to maximize our profitability and generate superior returns on equity.

We began operations in November 2001. Our principal executive offices are located at 106 Pitts Bay Road, Pembroke HM 08, Bermuda, and our telephone number is (441) 296-2600.

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RECENT DEVELOPMENTS

On September 21, 2005, we announced that our initial estimate of losses net of reinsurance recoverables related to Hurricane Katrina is between \$500 million and \$650 million. Our estimate of net losses is based upon industry loss predictions of \$40 billion to \$60 billion and includes wind-related damages, flood-related damages, offshore energy and marine losses and business interruption. We expect that losses from Hurricane Katrina will arise in both our insurance and reinsurance segments. Our estimate of net losses is derived from a combination of the output of industry models, market share analyses, a review of in-force contracts and preliminary loss information from our clients, brokers and loss adjusters. Our actual losses from Hurricane Katrina may ultimately differ materially from our estimated losses. See "Risk Factors Our business, results of operations and financial condition could be adversely affected by losses related to Hurricanes Katrina and Rita" in this prospectus supplement.

On September 24, 2005, Hurricane Rita struck Texas and Louisiana, causing significant destruction in those areas. Because this event is so recent and assessments of damages are so preliminary, we are unable to estimate with any accuracy our net losses related to Hurricane Rita. However, based on early industry loss predictions ranging from \$2.5 billion to \$6.0 billion, a combination of the output of industry models, market share analyses and a preliminary review of in-force contracts, our preliminary assessment is that our net losses related to Hurricane Rita will be substantially less than our estimated net losses from Hurricane Katrina. After taking into account our estimated losses from Hurricane Katrina and our preliminary assessment of losses from Hurricane Rita, at this time we are unable to determine whether we will have consolidated operating income for the 2005 calendar year. Our actual losses from Hurricane Rita may ultimately differ materially from our preliminary assessment of losses. See "Risk Factors Our business, results of operations and financial condition could be adversely affected by losses related to Hurricanes Katrina and Rita" in this prospectus supplement.

On August 9, 2005, we were advised that AXIS Insurance, AXIS Surplus and AXIS Reinsurance have been named in a putative class action lawsuit captioned *In re Insurance Brokerage Antitrust Litigation*. Although we have not yet been formally served in this lawsuit, we intend to accept service of process on September 30, 2005. The lawsuit is pending in the United States District Court for the District of New Jersey and includes as defendants numerous insurance brokers and insurance companies. The lawsuit alleges antitrust and RICO violations in connection with the payment of contingent commissions and manipulation of insurance bids and seeks damages in an unspecified amount. We believe that the lawsuit is completely without merit and intend to vigorously defend against it.

THE OFFERING

The description of the terms of the series A preferred shares in this section is only a summary of the terms of the series A preferred shares. Because the following summary is not complete, you should refer to the Certificate of Designations relating to the series A preferred shares for a complete description of the terms of the series A preferred shares. You should also refer to the sections entitled "Description Of The Series A Preferred Shares" in this prospectus supplement and "Description Of Share Capital" in the accompanying prospectus.

Issuer	AXIS Capital Holdings Limited
Securities Offered	7.25% Series A Preferred Shares
Dividends	Dividends on the series A preferred shares, only when, as and if declared by our board of directors, will accumulate and be payable on the liquidation preference amount on a non-cumulative basis, quarterly in arrears on each dividend payment date, in an amount per share equal to 7.25% of the liquidation preference per annum (equivalent to \$1.8125 per share). See "Description Of The Series A Preferred Shares Dividends" in this prospectus supplement and "Description Of Share Capital Preference Shares Dividends" in the accompanying prospectus.

We believe that dividends paid by us to non-corporate holders on the series A preferred shares before 2009 should be eligible for reduced rates of tax up to a maximum of 15% as "qualified dividend income" if, as is intended, we successfully list the series A preferred shares on the New York Stock Exchange (the "NYSE"). Qualified dividend income is subject to tax at capital gain rates. Dividends paid by us to corporate holders on the series A preferred shares will not be eligible for a dividends received deduction. For further information, see "Material Tax Considerations Taxation of Dividends" in this prospectus supplement.

Redemption	On and after October 15, 2010, we may redeem the series A preferred shares, in whole or in part, at any time, at a redemption price of \$25 per share, plus declared and unpaid dividends, if any, to the date of redemption. At any time prior to October 15, 2010, if we submit to the holders of our common shares a proposal for an amalgamation or if we submit any proposal for any other matter that requires, as a result of a change in Bermuda law after the date of this prospectus supplement, for its validation or effectuation an affirmative vote of the holders of the series A preferred shares at the time outstanding, whether voting as a separate series or together with any other series or class of preference shares as a single class, we have the option to redeem all of the outstanding series A preferred shares at a redemption price of \$26 per share, plus declared and unpaid dividends, if any, to the date of redemption. See "Description Of The Series A Preferred Shares Redemption" in this prospectus supplement and "Description Of Share Capital Preference Shares Redemption" and "Description Of Share Capital Preference Shares Restrictions in Event of Default in Dividends on Preference Shares" in the accompanying prospectus.
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Ranking

The series A preferred shares:

will rank senior to our junior stock with respect to the payment of dividends and distributions upon our liquidation, dissolution or winding-up. Junior stock includes our common shares and any other class of our capital stock that ranks junior to the series A preferred shares either as to the payment of dividends or as to the distribution of assets upon any liquidation, dissolution or winding-up; and

will rank at least equally with each other series of our capital stock ranking on parity with the series A preferred shares as to dividends and distributions upon our liquidation, dissolution or winding-up, which we refer to as parity stock. As of the date of this prospectus supplement, no series of parity stock is outstanding.

Liquidation Rights

Upon any liquidation, holders of the series A preferred shares are entitled to receive from our assets legally available for distribution to shareholders, before any distribution is made to holders of common share or other junior stock, a liquidation preference in the amount of \$25 per share, plus declared and unpaid dividends, if any, to the date fixed for distribution. See "Description Of The Series A Preferred Shares Liquidation Rights" in this prospectus supplement and "Description Of Share Capital Preference Shares Liquidation, Dissolution or Winding Up" in the accompanying prospectus.

Voting Rights

Generally, the holders of the series A preferred shares will not have any voting rights. Whenever dividends on the series A preferred shares have not been declared by the board of directors and paid for an aggregate of six full dividend periods (whether or not consecutive), the holders of the series A preferred shares, together with the holders of all other current or future classes or series of parity stock, will vote together as a single class to elect two directors to our board of directors. The terms of office of such additional directors will terminate whenever dividends on the series A preferred shares and the parity stock then outstanding have been paid in full, or declared and sufficient funds have been set aside, for at least four dividend periods. We will use our best efforts to effectuate the election or appointment of these two directors. In addition, certain transactions that would vary the rights of holders of the series A preferred shares cannot be made without the approval in writing of the holders of 75% of the series A preferred shares then outstanding or the sanction of a resolution passed by a majority of the votes cast at a separate meeting of the holders of the series A preferred shares. See "Description Of The Series A Preferred Shares Voting Rights" in this prospectus supplement and "Description Of Share Capital Preference Shares Voting Rights" in the accompanying prospectus.

Maturity	The series A preferred shares do not have any maturity date, and we are not required to redeem the series A preferred shares. Accordingly, the series A preferred shares will remain outstanding indefinitely, unless and until we decide to redeem them.
Listing	We have applied to list the series A preferred shares on the NYSE under the symbol "AXSPRA." We expect that, if approved, trading of the series A preferred shares on the NYSE will commence within a 30-day period after initial delivery of the series A preferred shares. See "Underwriting" in this prospectus supplement.
Ratings	The series A preferred shares are rated BBB- by Standard & Poor's and Baa3 by Moody's Investors Service. A rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.
Limitations on Transfer and Ownership	Our bye-laws provide generally that in any situation in which the "controlled shares" (as defined herein) of a U.S. Person (as defined herein) or the shares held by a Direct Foreign Shareholder Group (as defined herein) would constitute 9.5% or more of the votes conferred by the issued shares, the voting rights exercisable by a shareholder with respect to such shares shall be limited so that no U.S. Person or Direct Foreign Shareholder Group is deemed to hold 9.5% or more of the voting power conferred by our shares. In addition, our board of directors may limit a shareholder's voting rights where it deems it necessary to do so to avoid adverse tax, legal or regulatory consequences. See "Description Of The Series A Preferred Shares Limitations on Transfer and Ownership" in this prospectus supplement and "Description Of Share Capital Preference Shares Voting Rights" in the accompanying prospectus.
Use of Proceeds	We estimate that net proceeds to us from the sale of the series A preferred shares will be approximately \$241,375,000, after expenses and underwriting discounts and commissions. We intend to use the net proceeds from the sale of the series A preferred shares for general corporate purposes.
Conversion	The series A preferred shares are not convertible into or exchangeable for any of our other securities or property.
Risk Factors	See "Risk Factors" in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding to invest in the series A preferred shares.

RISK FACTORS

An investment in the series A preferred shares involves a number of risks, including those described in this prospectus supplement and the accompanying prospectus and those incorporated by reference into this prospectus supplement. You should carefully consider such risk factors and the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus before you decide to purchase the series A preferred shares.

Our business, results of operations and financial condition could be adversely affected by losses related to Hurricanes Katrina and Rita.

We have substantial exposure to unexpected losses resulting from natural disasters, including hurricanes. On August 29, 2005, Hurricane Katrina struck Louisiana, Mississippi, Alabama and surrounding areas, causing significant destruction in those areas. Our initial estimate of losses net of reinsurance recoverables related to Hurricane Katrina is between \$500 million and \$650 million. Our estimate of net losses related to Hurricane Katrina is based upon current industry estimates, a combination of the output of industry models, market share analyses, a review of in-force contracts and preliminary loss information from our clients, brokers and loss adjusters. Our estimate of net losses is subject to a high level of uncertainty due to the unprecedented nature of the catastrophe, complex coverage and regulatory issues and the unknown impact of such losses on our reinsurers. Our actual losses from Hurricane Katrina may differ materially from our estimated losses. If our actual losses from Hurricane Katrina are materially greater than our estimated losses, our business, results of operations and financial condition could be materially adversely affected.

On September 24, 2005, Hurricane Rita struck Texas and Louisiana, causing significant destruction in those areas. Because this event is so recent and assessments of damages are so preliminary, we are unable to estimate with any accuracy our net losses related to Hurricane Rita. Our actual losses from Hurricane Rita may ultimately differ materially from our preliminary assessment of losses. If our actual losses from Hurricane Rita are materially greater than our preliminary assessment of losses, our business, results operations and financial condition could be materially adversely affected.

Credit agency ratings of our insurance companies and our securities have become an increasingly important factor in maintaining the competitive position of our insurance and reinsurance companies and are also important in establishing the market value of our securities. Our ratings are subject to periodic review by, and may be revised downward or revoked at the sole discretion of, the rating agencies. If our losses from Hurricane Katrina exceed our estimate or our losses from Hurricane Rita exceed our preliminary assessment, or if additional large loss events occur, our ratings could be revised downward or revoked, which could result in a substantial loss of business and a reduction in the market value of our securities, including the series A preferred shares. See "Risk Factors Our operating subsidiaries are rated by Standard & Poor's and A.M. Best, and a decline in these ratings could affect our standing among brokers and customers and cause our sales and earnings to decrease" in the accompanying prospectus.

We purchase reinsurance for our insurance and reinsurance operations in order to mitigate the volatility of losses upon our financial results. The occurrence of additional large loss events could reduce the reinsurance coverage that is available to us and could weaken the financial condition of our reinsurers, which could have a material adverse effect on our results of operations. See "Risk Factors If we choose to purchase reinsurance, we may be unable to do so, and if we successfully purchase reinsurance, we may be unable to collect" in the accompanying prospectus.

General market conditions and unpredictable factors could adversely affect market prices for the series A preferred shares.

There can be no assurance about the market prices for the series A preferred shares. Several factors, many of which are beyond our control, will influence the market prices of the series A preferred shares. Factors that might influence the market prices of the series A preferred shares include, but are not limited to:

whether dividends have been declared and are likely to be declared and paid on the series A preferred shares from time to time;

our creditworthiness;

whether the ratings on the series A preferred shares provided by any ratings agency has changed;

the market for similar securities; and

economic, financial, geopolitical, regulatory or judicial events that affect us or financial markets generally.

Accordingly, if you purchase series A preferred shares, the series A preferred shares may trade at a discount to the price that you paid for them.

Dividends on the series A preferred shares are non-cumulative.

Dividends on the series A preferred shares are non-cumulative. Consequently, if our board of directors does not authorize and declare a dividend for any dividend period, holders of the series A preferred shares will not be entitled to receive a dividend for such period, and such undeclared dividend will not accumulate and be payable. We will have no obligation to pay dividends for a dividend period after the dividend payment date for such period if our board of directors has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to the series A preferred shares.

We are under no obligation to redeem the series A preferred shares.

The series A preferred shares have no maturity date or redemption date. We may, at our option, on and after October 15, 2010, redeem some or all of the series A preferred shares at any time at a redemption price of \$25 per share, plus declared and unpaid dividends, if any, to the date of redemption. We may also redeem the series A preferred shares under certain circumstances before October 15, 2010, at a redemption price of \$26 per share, plus declared and unpaid dividends, if any, to the date of redemption. We do not need your consent in order to redeem the series A preferred shares and may do so at any time after October 15, 2010 that is advantageous to us. You may not require us to redeem or repurchase the series A preferred shares under any circumstances.

The series A preferred shares are equity and are subordinate to our existing and future indebtedness.

The series A preferred shares are equity interests and do not constitute indebtedness. Consequently, the series A preferred shares will rank junior to all of our indebtedness and other non-equity claims on us with respect to assets available to satisfy our claims, including in the event of our liquidation, dissolution or winding-up. Our existing and future indebtedness may restrict payments of dividends on the series A preferred shares. Additionally, unlike indebtedness, where principal and interest would customarily be payable on specified due dates, in the case of the series A preferred shares (1) dividends are payable only if declared by our board of directors and (2) as a corporation, we are subject to restrictions on payments of dividends and redemption price out of lawfully available funds.

The series A preferred shares may not have an active trading market.

The series A preferred shares are a new issue with no established trading market. We have applied to list the series A preferred shares on the NYSE; however, we cannot assure you that the series A preferred shares will be approved for listing. If the application is approved, trading of the series A preferred shares on the NYSE is not expected to begin until after a 30-day period from the date of the initial delivery of the series A preferred shares. If the series A preferred shares are approved for listing, an active trading market on the NYSE may not develop, or, even if it does develop, may not continue, in which case the trading prices of the series A preferred shares could be adversely affected and your ability to trade your shares may be limited. We have been advised by the underwriters that they intend to make a market in the series A preferred shares, but the underwriters are not obligated to do so and may cease market-making activities, if commenced, at any time.

There is no limitation on our issuance of securities that rank on parity with or senior to the series A preferred shares.

We may issue securities that rank on parity with or senior to the series A preferred shares without limitation. The issuance of securities ranking on parity with or senior to the series A preferred shares may reduce the amount recoverable by holders of the series A preferred shares in the event of our liquidation, dissolution or winding-up.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2005, on an actual basis and as adjusted to reflect the issuance of the series A preferred shares and the application of the net proceeds therefrom, as described elsewhere in this prospectus supplement and the accompanying prospectus.

You should read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of June 30, 2005	
	Actual	As Adjusted
(in thousands)		
Debt Outstanding:		
Revolving credit facility(1)	\$	\$
5.75% Senior Notes Due 2014	498,992	498,992
Shareholders' Equity:		
Series A Preferred Shares offered hereby (\$0.0125 par value: 10,000,000 preferred shares issued and outstanding)		125
Common Shares (\$0.0125 par value: 800,000,000 common shares authorized, 140,668,032 common shares issued and outstanding)	1,758	1,758
Additional paid in capital(2)	1,680,148	1,921,398
Accumulated other comprehensive (loss) income, net of tax	(255)	(255)
Retained earnings	1,484,945	1,484,945
	<u>\$</u>	<u>\$</u>
Total shareholders' equity(2)	3,166,596	3,407,971
	<u>\$</u>	<u>\$</u>
Total Capitalization(2)	3,665,588	3,906,963

(1) Consists of a \$750 million credit facility, dated as of March 25, 2004. As of June 30, 2005, \$433.7 million of letters of credit were outstanding under this credit facility. On August 25, 2005, we terminated this credit facility and entered into a new five-year \$1.5 billion credit facility. As of September 28, 2005, \$434.0 million of letters of credit were outstanding under this new credit facility.

(2) For sales to certain institutions, the underwriting commissions will be \$0.50 per series A preferred share and, to the extent of such sales, the actual total proceeds to us will be greater than the amounts described in this prospectus supplement.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth our selected consolidated financial information for the periods ended and as of the dates indicated. AXIS Specialty was incorporated on November 8, 2001 and commenced operations on November 20, 2001. AXIS Capital was incorporated on December 9, 2002. On December 31, 2002, AXIS Specialty and its subsidiaries became wholly owned subsidiaries of AXIS Capital pursuant to an exchange offer. In the exchange offer, the shareholders of AXIS Specialty exchanged their shares for identical shareholdings in AXIS Capital. Following the exchange offer, AXIS Specialty distributed all of its wholly-owned subsidiaries to AXIS Capital. The exchange offer represents a business combination of companies under common control and has been accounted for at historical cost. As a result, the selected consolidated financial information presented gives effect to the exchange of equity interests as though it occurred as of the inception date of AXIS Specialty on November 8, 2001.

The selected statement of operations data for the years ended December 31, 2004, 2003 and 2002 and for the period from inception (November 8, 2001) through December 31, 2001 and the selected balance sheet data as of December 31, 2004, 2003, 2002 and 2001 are derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2004. The selected consolidated financial information as of and for the six months ended June 30, 2005 and 2004 has been derived from the unaudited interim condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the six months ended June 30, 2005. This selected consolidated financial information should be read in conjunction with and is qualified by reference to these financial statements and the related notes. These historical results are not necessarily indicative of results to be expected for any future period.

The following selected consolidated financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes incorporated by reference into this prospectus supplement.

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Six Months Ended		Year Ended December 31,			Period Ended December 31,
June 30, 2005	June 30, 2004	2004	2003	2002	2001(1)

(\$ in thousands, except share and per share amounts)

Selected Statement of

Operations Data:

Gross premiums written	\$ 1,965,992	\$ 1,673,442	\$ 3,012,311	\$ 2,273,645	\$ 1,108,003	\$ 26,746
Premiums ceded	(288,125)	(286,375)	(588,638)	(365,258)	(89,726)	
Net premiums earned	1,250,003	957,651	2,028,397	1,436,230	536,850	1,884
Net investment income	110,759	64,604	152,072	73,961	71,287	4,763
Net realized gains	438	5,686	13,634	22,567	26,070	394
Net losses and loss expenses	667,143	500,450	1,246,244	734,019	229,265	963
Acquisition costs	176,772	122,454	280,568	186,297	91,200	195
General and administrative expenses	111,098	84,292	187,305	136,526	57,610	3,203
Interest expense	15,897	219	5,285	1,478	1,414	
Income tax (expense) recovery	(9,483)	(5,770)	(5,440)	678	1,430	
Net income	324,644	307,642	494,998	532,350	265,119	2,680

Per Share Data:

Basic earnings per share	\$ 2.26	\$ 2.02	\$ 3.24	\$ 3.69	\$ 1.96	\$ 0.03
Diluted earnings per share	\$ 2.07	\$ 1.84	\$ 2.98	\$ 3.42	\$ 1.91	\$ 0.03
Dividends per share	\$ 0.30	\$ 0.25	\$ 0.50	\$ 0.14		
Basic weighted average shares outstanding	143,584,354	152,484,015	152,553,677	144,262,881	135,442,240	105,103,400
Diluted weighted average shares outstanding	157,013,504	166,785,604	165,875,823	155,690,763	138,480,623	105,103,400

Selected Ratios (based on U.S. GAAP income statement data):

Net loss and loss expense ratio(2)	53.4%	52.3%	61.4%	51.1%	42.7%	51.1%
Acquisition cost ratio(3)	14.1	12.8	13.8	13.0	17.0	10.4
General and administrative expense ratio(4)	8.9	8.8	9.2	9.5	10.7	170.0
Combined ratio(5)	76.4%	73.9%	84.4%	73.6%	70.4%	231.5%

As of

June 30, 2005	June 30, 2004	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001
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Selected Balance Sheet Data:

Cash and cash equivalents	\$ 793,304	\$ 721,215	\$ 632,329	\$ 605,175	\$ 729,296	\$ 761,670
Investments at fair market value	5,740,169	4,028,286	5,399,689	3,385,576	1,702,990	1,079,686
Total assets	10,116,956	7,320,189	9,038,285	5,172,273	2,948,321	1,877,773
Reserve for losses and loss expenses	2,929,699	1,541,193	2,404,560	992,846	215,934	963
Unearned premiums	2,071,073	1,648,062	1,644,771	1,143,447	555,962	24,862
Total shareholders' equity	3,166,596	3,042,514	3,238,064	2,817,148	1,961,033	1,649,552

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- (1) The financial information for this period reflects our results from November 8, 2001, the date of incorporation of AXIS Specialty, to December 31, 2001.
- (2) The net loss and loss expense ratio is calculated by dividing net losses and loss expenses by net premiums earned.
- (3) The acquisition cost ratio is calculated by dividing acquisition costs by net premiums earned.
- (4) The general and administrative expense ratio is calculated by dividing general and administrative expenses by net premiums earned.
- (5) The combined ratio is the sum of the net loss and loss expense ratio, the acquisition cost ratio and the general and administrative expense ratio.

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USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the series A preferred shares will be approximately \$241,375,000, after expenses and underwriting discounts and commissions. We intend to use the net proceeds from the sale of the series A preferred shares for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES

For purposes of computing the following ratios, earnings consist of net income before income tax expense plus fixed charges to the extent that such charges are included in the determination of earnings. Fixed charges consist of interest, amortization of debt issuance costs and credit facility fees and the interest portion on operating leases.

	Six Months Ended June 30,	Years Ended December 31,			
	2005	2004	2003	2002	2001
Ratio of Earnings to Fixed Charges	20.4x	66.3x	168.6x	130.1x	90.3x

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DESCRIPTION OF THE SERIES A PREFERRED SHARES

The following description of the terms of the series A preferred shares supplements the description of the general terms and provisions of the preference shares set forth under "Description Of Share Capital Preference Shares" beginning on page 34 of the accompanying prospectus. The following summary of the terms of the series A preferred shares does not purport to be complete and is qualified in its entirety by reference to the Certificate of Designations creating the series A preferred shares, which will be included as an exhibit to documents that we file with the Securities and Exchange Commission (the "SEC"). Terms used in this prospectus supplement that are otherwise not defined will have the meanings given to them in the accompanying prospectus. As used in this section, "we," "us," "our" and "AXIS Capital" mean AXIS Capital Holdings Limited and do not include its subsidiaries.

General

On September 28, 2005, the pricing committee of our board of directors approved the Certificate of Designations setting forth the specific rights, preferences, limitations and other terms of the series A preferred shares.

The series A preferred shares will rank senior to our junior stock (as defined below under " Dividends") and at least equally with each other series of our preference shares that we may issue with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding-up. At present, we have no issued shares that are senior to or in parity with respect to payment of dividends and distribution of assets upon our liquidation, dissolution or winding-up with the series A preferred shares. Our board of directors may from time to time create and issue preference shares of other series without the approval of our shareholders and fix their relative rights, preferences and limitations.

We will generally be able to pay dividends and distributions upon liquidation, dissolution or winding-up only out of lawfully available funds for such payment (i.e., after satisfaction of indebtedness and other non-equity claims). The series A preferred shares will be fully-paid and nonassessable when issued, which means that holders will have paid their purchase price in full and that we may not ask them to surrender additional funds. Holders of the series A preferred shares will not have preemptive or subscription rights to acquire more of our capital stock.

The series A preferred shares will not be convertible into, or exchangeable for, shares of any other class or series of stock or other securities of ours or our property or assets. The series A preferred shares have no stated maturity and will not be subject to any mandatory redemption, sinking fund, retirement fund, purchase fund or other obligation of ours to redeem, repurchase or retire the series A preferred shares.

Dividends

Dividends on the series A preferred shares are non-cumulative. Consequently, if our board of directors does not authorize and declare a dividend for any dividend period, holders of the series A preferred shares will not be entitled to receive a dividend for such period, and such undeclared dividend will not accumulate and be payable. We will have no obligation to pay dividends for a dividend period after the dividend payment date for such period if our board of directors has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to the series A preferred shares.

Holders of series A preferred shares will be entitled to receive, only when, as and if declared by our board of directors, out of funds legally available for the payment of dividends under Bermuda law, non-cumulative cash dividends from the original issue date, quarterly in arrears on the fifteenth day of January, April, July and October of each year, commencing on January 15, 2006, without accumulation

of any undeclared dividends. To the extent declared, these dividends will accumulate, with respect to each dividend period, in an amount per share equal to 7.25% of the liquidation preference per annum (equivalent to \$1.8125 per share). In the event that we issue additional series A preferred shares after the original issue date, to the extent declared, dividends on such additional series A preferred shares may accumulate from the original issue date or any other date we specify at the time such additional series A preferred shares are issued.

Dividends will be payable to holders of record of the series A preferred shares as they appear in our register of members on the applicable record date, which shall be the last calendar day of the month preceding that dividend payment date or such other record date fixed by our board of directors that is not more than 60 nor less than 10 days prior to such dividend payment date. These dividend record dates will apply regardless of whether a particular dividend record date is a business day. As used in this prospectus supplement, "business day" means a day that is a Monday, Tuesday, Wednesday, Thursday or Friday and is not a day on which banking institutions in New York City generally are authorized or obligated by law or executive order to close.

A dividend period is the period from and including a dividend payment date to but excluding the next dividend payment date, except that the initial dividend period will commence on and include the original issue date of the series A preferred shares and will end on and exclude the January 15, 2006 dividend payment date. Dividends payable on the series A preferred shares will be computed on the basis of a 360-day year consisting of twelve 30-day months. If any date on which dividends would otherwise be payable is not a business day, then the dividend payment date will be the next succeeding business day after the original dividend payment date, and no additional dividends will accumulate on the amount so payable from such date to such next succeeding business day.

So long as any series A preferred shares remain outstanding for any dividend period, unless the full dividends for the latest completed dividend period on all outstanding series A preferred shares and parity stock have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside:

no dividend shall be paid or declared on our common shares or any other shares of our junior stock, other than a dividend payable solely in our common shares or other junior stock; and

no common shares or other junior stock shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (other than (1) as a result of a reclassification of junior stock for or into other junior stock or the exchange or conversion of one share of junior stock for or into another share of junior stock or (2) through the use of the proceeds of a substantially contemporaneous sale of junior stock).

When dividends are not paid or duly provided for in full on any dividend payment date upon the series A preferred shares and any shares of parity stock, all dividends declared upon the series A preferred shares and all such parity stock and payable on such dividend payment date shall be declared on a pro rata basis so that the respective amounts of such dividends shall bear the same ratio to each other as all declared but unpaid dividends per series A preferred share and all parity stock payable on such dividend payment date bear to each other. In the case of any parity stock having dividend payment dates different from the dividend payment dates pertaining to the series A preferred shares, the measurement date for such parity stock shall be the dividend payment date falling within the related dividend period for the series A preferred shares.

As used in this prospectus supplement, "junior stock" means any class or series of our capital stock that ranks junior to the series A preferred shares either as to the payment of dividends or as to the distribution of assets upon any liquidation, dissolution or winding-up of AXIS Capital. Junior stock includes our common shares.

As used in this prospectus supplement, "parity stock" means any class or series of our capital stock that ranks equally with the series A preferred shares as to payment of dividends and in the distribution of assets on any liquidation, dissolution or winding-up of AXIS Capital. At present, we have not issued shares that would be considered parity stock with the series A preferred shares.

Certain Restrictions on Payment of Dividends

AXIS Capital is a holding company and has no direct operations. The ability of AXIS Capital to pay dividends or distributions depends almost exclusively on the ability of its subsidiaries to pay dividends to AXIS Capital. Under Bermuda law, AXIS Capital may not declare or pay a dividend if there are reasonable grounds for believing that AXIS Capital is, or would after the payment be, unable to pay its liabilities as they become due, or if the realizable value of AXIS Capital's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Further, our operating subsidiaries (with the exception of AXIS Re) are subject to significant regulatory restrictions limiting their ability to declare and pay dividends. Under the Insurance Act 1978 of Bermuda, dividends by a class 4 insurer, such as AXIS Specialty, exceeding 25% of statutory capital and surplus require an affidavit signed by two directors and the principal representative of the insurer declaring that the insurer will remain in compliance with the solvency margin and liquidity requirements of the Insurance Act after payment of such dividend.

Liquidation Rights

Upon any voluntary or involuntary liquidation, dissolution or winding-up of AXIS Capital, holders of the series A preferred shares and any parity stock are entitled to receive out of our assets available for distribution to shareholders, after satisfaction of indebtedness and other non-equity claims, if any, a liquidating distribution in the amount of \$25 per share plus declared and unpaid dividends, if any, without accumulation of any undeclared dividends, before any distribution of assets is made to holders of our common shares, or any of our other shares of stock ranking junior to the series A preferred shares. Holders of the series A preferred shares will not be entitled to any other amounts from us after they have received their full liquidation preference.

In any such distribution, if our assets are not sufficient to pay the liquidation preference in full to all holders of the series A preferred shares and all holders of any parity stock, the amounts paid to the holders of the series A preferred shares and to the holders of any parity stock will be paid pro rata in accordance with the respective aggregate liquidation preferences of those holders. If the liquidation preference has been paid in full to all holders of the series A preferred shares and any holders of parity stock, the holders of our other capital stock shall be entitled to receive all of our remaining assets according to their respective rights and preferences.

A consolidation, amalgamation, merger, arrangement or reconstruction involving AXIS Capital or the sale or transfer of all or substantially all of the shares of capital stock or the property or business of AXIS Capital will not be deemed to constitute a liquidation, dissolution or winding-up of AXIS Capital.

Redemption

Under Bermuda law, the source of funds that may be used by a company to pay amounts to shareholders on the redemption of their shares in respect of the nominal or par value of their shares is limited to (1) the capital paid up on the shares being redeemed, (2) funds of the company otherwise available for payment of dividends or distributions or (3) the proceeds of a new issuance of shares made for purposes of the redemption, and in respect of the premium over the nominal or par value of their shares is limited to (a) funds otherwise available for dividends or distributions or (b) out of the company's share premium account before the redemption date.

Under Section 42 of the Companies Act 1981 (the "Companies Act"), no redemption may be made by a company if, on the date of the redemption, there are reasonable grounds for believing that the company is, or after the redemption would be, unable to pay its liabilities as they become due. In addition, if the redemption price is to be paid out of funds otherwise available for dividends or distributions, no redemption may be made if the realizable value of its assets would thereby be less than the aggregate of its liabilities, issued share capital and share premium accounts. A minimum issued share capital of \$12,000 must always be maintained.

Our ability to effect a redemption of the series A preferred shares may be subject to the performance of our subsidiaries. Distribution to us from our insurance subsidiaries will also be subject to applicable insurance laws and regulatory constraints.

The series A preferred shares are not subject to any mandatory redemption, sinking fund, retirement fund, purchase fund or other similar provisions. The series A preferred shares are not redeemable prior to October 15, 2010, except as described below. On and after that date, the series A preferred shares will be redeemable at our option, in whole or in part, upon not less than 30 nor more than 60 days, prior written notice, at a redemption price equal to \$25 per share, plus declared and unpaid dividends, if any, without accumulation of any undeclared dividends. Holders of the series A preferred shares will have no right to require the redemption or repurchase of the series A preferred shares.

At any time prior to October 15, 2010, if we submit to the holders of our common shares a proposal for an amalgamation or if we submit any proposal for any other matter that requires, as a result of a change in Bermuda law after the date of this prospectus supplement, for its validation or effectuation an affirmative vote of the holders of the series A preferred shares at the time outstanding, whether voting as a separate series or together with any other series or class of preference shares as a single class, we have the option upon not less than 30 nor more than 60 days prior written notice to redeem all of the outstanding series A preferred shares for cash at a redemption price of \$26 per share, plus declared and unpaid dividends, if any, to the date of redemption, without accumulation of any undeclared dividends.

If the series A preferred shares are to be redeemed, the notice of redemption shall be given by first class mail to the holders of record of the series A preferred shares to be redeemed, mailed not less than 30 nor more than 60 days prior to the date fixed for redemption thereof; provided that, if the series A preferred shares are held in book-entry form through The Depository Trust Company, or DTC, we may give such notice in any manner permitted by DTC. Each notice of redemption will include a statement setting forth:

the redemption date;

the number of series A preferred shares to be redeemed and, if less than all the series A preferred shares held by such holder are to be redeemed, the number of such series A preferred shares to be redeemed from such holder;

the redemption price; and

the place or places where holders may surrender certificates evidencing the series A preferred shares for payment of the redemption price.

If notice of redemption of any series A preferred shares has been given and if the funds necessary for such redemption have been set aside by us for the benefit of the holders of the series A preferred shares so called for redemption, then, from and after the redemption date, dividends will cease to accumulate on such series A preferred shares, such series A preferred shares shall no longer be deemed outstanding and all rights of the holders of such series A preferred shares will terminate, except the right to transfer the series A preferred shares prior to the redemption date and the right to receive the redemption price.

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In case of any redemption of only part of the series A preferred shares at the time outstanding, the series A preferred shares to be redeemed shall be selected either pro rata or in such other manner as we may determine to be fair and equitable.

Voting Rights

Except as provided below, the holders of the series A preferred shares will have no voting rights.

Whenever dividends payable on series A preferred shares have not been declared by the board of directors and paid for an aggregate amount equivalent to six full quarterly dividends (whether or not consecutive) on all of the series A preferred shares or any class or series of parity stock then outstanding, the holders of the series A preferred shares, together with the holders of each such class or series of parity stock, will have the right, voting together as a single class regardless of class or series, to elect two directors of our board of directors. We will use our best efforts to effectuate the election or appointment of these two directors.

Whenever dividends on the series A preferred shares and the parity stock then outstanding have been paid in full, or declared and sufficient funds have been set aside, for at least four dividend periods, the right of holders of the series A preferred shares and the parity stock to be represented by directors will cease (but subject always to the same provision for the vesting of such rights in the case of any future suspension of payments in an amount equivalent to dividends for six full dividend periods whether or not consecutive), and the terms of office of the additional directors elected or appointed to the board of directors will terminate.

At any time when such special voting power has vested in the holders of the series A preferred shares and the parity stock as described in the preceding paragraph, such right may be exercised initially either at a special meeting of the holders of the series A preferred shares and parity stock or at any annual general meeting of shareholders, and thereafter at annual general meetings of shareholders. At any time when such special right has vested, our chairman or president will, upon the written request of the holders of record of at least 10% of the series A preferred shares and the parity stock then outstanding addressed to our secretary, call a special general meeting of the holders of the series A preferred shares and parity stock for the purpose of electing directors. Such meeting will be held at the earliest practicable date in such place as may be designated pursuant to our bye-laws (or if there be no designation, at our principal office in Bermuda). If such meeting is not called by our proper officers within 20 days after our secretary has been personally served with such request, or within 60 days after mailing the same by registered or certified mail addressed to our secretary at our principal office, then the holders of record of at least 10% of the series A preferred shares and the parity stock then outstanding may designate in writing one of their number to call such meeting at our expense, and such meeting may be called by such person so designated upon the notice required for annual general meetings of shareholders and will be held in Bermuda, unless we otherwise designate. Any holder of the series A preferred shares and the parity stock will have access to our register of members for the purpose of causing meetings of shareholders to be called pursuant to these provisions. Notwithstanding the foregoing, no such special meeting will be called during the period within 90 days immediately preceding the date fixed for the next annual general meeting of shareholders.

At any annual or special general meeting at which the holders of the series A preferred shares and the parity stock have the special right to elect directors as described above, the presence, in person or by proxy, of the holders of 50% of the series A preferred shares and the parity stock will be required to constitute a quorum for the election of any director by the holders of the series A preferred shares and the parity stock, voting as a class. At any such meeting or adjournment thereof the absence of a quorum of the series A preferred shares and the parity stock will not prevent the election of directors other than those to be elected by the series A preferred shares and the parity stock, voting as a class, and the absence of a quorum for the election of such other directors will not prevent the election of the directors to be elected by the series A preferred shares and the parity stock, voting as a class.

During any period in which the holders of the series A preferred shares and the parity stock have the right to vote as a class for directors as described above, any vacancies in our board of directors will be filled by vote of a majority of our board of directors pursuant to our bye-laws. During such period, the directors so elected by the holders of the series A preferred shares and the parity stock will continue in office (1) until the next succeeding annual general meeting or until their successors, if any, are elected by such holders and qualify or (2) unless required by applicable law, rule or regulation to continue in office for a longer period, until termination of the right of the holders of the series A preferred shares and the parity stock to vote as a class for directors, if earlier. Immediately upon any termination of the right of the holders of the series A preferred shares and the parity stock to vote as a class for directors as provided herein, the terms of office of the directors then in office so elected by the holders of the series A preferred shares and the parity stock will terminate.

Without the written consent of the holders of at least 75% of the series A preferred shares at the time outstanding or the sanction of a resolution passed by a majority of the votes cast at a separate meeting of the holders of the series A preferred shares, we may not take any action that would vary the rights attached to the series A preferred shares or effect any amalgamation that would vary the rights of the series A preferred shares. Notwithstanding the foregoing, the issuance of any capital stock that is senior to, in parity with or junior to the series A preferred shares with respect to payment of dividends and distribution of assets upon our liquidation, dissolution or winding-up will not be deemed a variation of the rights of the series A preferred shares. Holders of the series A preferred shares are not entitled to vote on any sale of all or substantially all of the assets of AXIS Capital.

On any item on which the holders of the series A preferred shares are entitled to vote, such holders will be entitled to one vote for each series A preferred share held.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding series A preferred shares shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by us for the benefit of the holders of series A preferred shares to effect such redemption.

Conversion

The series A preferred shares are not convertible into or exchangeable for any other securities or property of AXIS Capital.

Capital Replacement

AXIS Capital intends to redeem the series A preferred shares only out of proceeds from the issuance of new capital offerings whose equity treatment by the applicable rating agencies is equal to, or greater than, the series A preferred shares.

Limitations on Transfer and Ownership

Holders of the series A preferred shares only have the right to vote in limited circumstances, as set forth above under " Voting Rights." Pursuant to a mechanism specified in our bye-laws, the voting rights exercisable by a shareholder may be limited. In any situation in which the "controlled shares" (as defined below) of a U.S. Person (as defined below) or the shares held by a Direct Foreign Shareholder Group (as defined below) would constitute 9.5% or more of the votes conferred by the issued shares, the voting rights exercisable by a shareholder with respect to such shares will be limited so that no U.S. Person or Direct Foreign Shareholder Group is deemed to hold 9.5% or more of the voting power conferred by our shares. In addition, our board of directors may limit a shareholder's voting rights where it deems it necessary to do so to avoid adverse tax, legal or regulatory consequences to us, our subsidiaries, any shareholders or their affiliates.

"Controlled shares" include, among other things, all shares that a U.S. Person owns directly, indirectly or constructively (within the meaning of Section 958 of the U.S. Internal Revenue Code of 1986, as amended (the "Code")).

A "Direct Foreign Shareholder Group" includes a shareholder or group of commonly controlled shareholders that are not U.S. Persons.

"U.S. Person" means: (1) a citizen or resident of the United States, (2) a partnership or corporation, or entity treated as a corporation, created or organized in or under the laws of the United States, or any political subdivision thereof, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, (4) a trust if either (a) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust or (b) the trust has a valid election in effect to be treated as a U.S. Person for U.S. federal income tax purposes or (5) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing.

Under these provisions, certain shareholders may have their voting rights limited to less than one vote per share. Moreover, these provisions could have the effect of reducing the votes of certain shareholders who would not otherwise be subject to the 9.5% limitation by virtue of their direct share ownership. Our bye-laws also provide that shareholders will be notified of their voting interests prior to any vote to be taken by the shareholders.

Listing of the Series A Preferred Shares

We have applied to list the series A preferred shares on the NYSE under the symbol "AXSPRA." We expect that, if approved, trading of the series A preferred shares on the NYSE will commence within a 30-day period after initial delivery of the series A preferred shares.

Transfer Agent

The transfer agent for the series A preferred shares is The Bank of New York, whose principal executive office is located at One Wall Street, New York, NY 10286.

Book-Entry; Delivery and Form

The series A preferred shares will be represented by one or more global securities that will be deposited with and registered in the name of The Depository Trust Company ("DTC") or its nominee. This means that we will not issue certificates to you for the series A preferred shares except in limited circumstances. The global securities will be issued to DTC, the depository for the series A preferred shares, who will keep a computerized record of its participants (for example, your broker) whose clients have purchased the series A preferred shares. Each participant will then keep a record of its clients. Unless exchanged in whole or in part for a certificated security, a global security may not be transferred. However, DTC, its nominees, and their successors may transfer a global security as a whole to one another. Beneficial interests in the global securities will be shown on, and transfers of the global securities will be made only through, records maintained by DTC and its participants.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds securities that its participants (direct participants) deposit with DTC. DTC also records the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for direct participants' accounts. This eliminates the need to exchange certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and

certain other organizations. Neither we nor the underwriters take any responsibility for these operations or procedures, and you are urged to contact DTC or its participants directly to discuss these matters.

DTC's book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a direct participant. The rules that apply to DTC and its participants are on file with the SEC.

DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.

When you purchase series A preferred shares through the DTC system, the purchases must be made by or through a direct participant, who will receive credit for the series A preferred shares on DTC's records. Since you actually own the series A preferred shares, you are the beneficial owner and your ownership interest will only be recorded in the direct (or indirect) participants' records. DTC has no knowledge of your individual ownership of the series A preferred shares. DTC's records only show the identity of the direct participants and the amount of the series A preferred shares held by or through them. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You will receive these from your direct (or indirect) participant. Thus, the direct (or indirect) participants are responsible for keeping accurate account of the holdings of their customers like you.

We will wire dividend payments to DTC's nominee and we will treat DTC's nominee as the owner of the global securities for all purposes. Accordingly, we will have no direct responsibility or liability to pay amounts due on the global securities to you or any other beneficial owners in the global securities.

Any redemption notices will be sent by us directly to DTC, who will in turn inform the direct participants, who will then contact you as a beneficial owner.

It is DTC's current practice, upon receipt of any payment of dividends or liquidation amounts, to credit direct participants' accounts on the payment date based on their holdings of beneficial interests in the global securities as shown on DTC's records. In addition, it is DTC's current practice to assign any consenting or voting rights to direct participants whose accounts are credited with preferred securities on a record date, by using an omnibus proxy. Payments by participants to owners of beneficial interests in the global securities, and voting by participants, will be based on the customary practices between the participants and owners of beneficial interests, as is the case with the series A preferred shares held for the account of customers registered in "street name." However, payments will be the responsibility of the participants and not of DTC or us.

Series A preferred shares represented by global securities will be exchangeable for certificated securities with the same terms in authorized denominations only if:

DTC is unwilling or unable to continue as depository or if DTC ceases to be a clearing agency registered under applicable law and a successor depository is not appointed by us within 90 days; or

we determine not to require all of the series A preferred shares to be represented by global securities.

If the book-entry-only system is discontinued, the transfer agent will keep the registration books for the series A preferred shares at its corporate office.

MATERIAL TAX CONSIDERATIONS

The following summary sets forth the material U.S. federal income tax consequences particular to the series A preferred shares and does not purport to be complete. The summary supplements and is qualified by the discussion of material United States federal income tax consequences set forth under "Material Tax Considerations" in the accompanying prospectus. This summary deals only with holders of the series A preferred shares that are U.S. Persons. In addition, the following summary does not address the U.S. federal income tax consequences that may be relevant to special classes of shareholders, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, financial asset securitization investment trusts, dealers or traders in securities, tax exempt organizations, partnerships and other pass-through entities, persons whose functional currency is not the U.S. dollar, expatriates, persons who are considered with respect to AXIS Capital or any of its subsidiaries as 10% U.S. Shareholders (as defined in the accompanying prospectus) or persons who hold the series A preferred shares as part of a hedging or conversion transaction or as part of a short-sale or straddle, who may be subject to special rules or treatment under the Code. This discussion is based upon the Code, the regulations promulgated thereunder and any relevant administrative rulings or pronouncements or judicial decisions, all as in effect on the date hereof and as currently interpreted, and does not take into account possible changes in such tax laws or interpretations thereof, which may apply retroactively. In addition, this discussion does not apply to shareholders that are subject to the alternative minimum tax. This discussion does not include any description of the tax laws of any state or local governments within the United States or any non-U.S. jurisdiction that may be applicable to the series A preferred shares or the holders of the series A preferred shares and does not address any aspect of U.S. federal taxation other than income taxation. Prospective investors should consult their professional advisors concerning the possible tax consequences of an investment in the series A preferred shares.

Taxation of Dividends

Subject to the discussions in the accompanying prospectus relating to the potential application of the controlled foreign corporation, related person insurance income and passive foreign investment company rules, cash distributions, if any, made with respect to the series A preferred shares will constitute dividends for U.S. federal income tax purposes to the extent paid out of current or accumulated earnings and profits of AXIS Capital (as computed using U.S. tax principles). Under recently enacted legislation, we believe dividends paid by us to non-corporate holders on the series A preferred shares before 2009 should be eligible for reduced rates of tax up to a maximum of 15% as "qualified dividend income" if, as is intended, we successfully list the series A preferred shares on the NYSE. Qualified dividend income is subject to tax at capital gain rates. Dividends paid by us to corporate holders will not be eligible for the dividends received deduction. To the extent such distributions exceed AXIS Capital's earnings and profits, they will be treated first as a return of the shareholder's basis in their shares to the extent thereof, and then as gain from the sale of a capital asset.

Redemption of Series A Preferred Shares

A redemption of the series A preferred shares will be treated under section 302 of the Code as a dividend if AXIS Capital has sufficient earnings and profits, as described in the accompanying prospectus under "Material Tax Considerations Taxation of Holders of Our Shares United States Taxation Taxation of Dividends," unless the redemption satisfies one of the tests set forth in section 302(b) of the Code enabling the redemption to be treated as a sale or exchange. Under the relevant Code section 302(b) tests, the redemption should be treated as a sale or exchange only if it (1) is substantially disproportionate, (2) constitutes a complete termination of the holder's stock interest in AXIS Capital or (3) is "not essentially equivalent to a dividend." In determining whether any of

these tests are met, shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as shares actually owned, must generally be taken into account. It may be more difficult for a U.S. Person who owns, actually or constructively by operation of the attribution rules, any of our other shares to satisfy any of the above requirements. The determination as to whether any of the alternative tests of section 302(b) of the Code is satisfied with respect to a particular holder of the series A preferred shares depends on the facts and circumstances as of the time the determination is made.

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UNDERWRITING

Citigroup Global Markets Inc., Wachovia Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, are acting as the representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of series A preferred shares set forth opposite the underwriter's name.

Underwriter	Number of Series A Preferred Shares
Citigroup Global Markets Inc.	2,041,676
Wachovia Capital Markets, LLC	2,025,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,025,000
Morgan Stanley & Co. Incorporated	2,025,000
Banc of America Securities LLC	100,000
Deutsche Bank Securities Inc.	100,000
HSBC Securities (USA) Inc.	100,000
J.P. Morgan Securities Inc.	100,000
A.G. Edwards & Sons, Inc.	66,666
Barclays Capital Inc.	66,666
Bear, Stearns & Co. Inc.	66,666
Charles Schwab & Co., Inc.	66,666
Credit Suisse First Boston LLC	66,666
Greenwich Capital Markets, Inc.	66,666
H&R Block Financial Advisors, Inc.	66,666
KeyBanc Capital Markets, a division of McDonald Investments Inc.	66,666
Legg Mason Wood Walker, Incorporated	66,666
Oppenheimer & Co. Inc.	66,666
Piper Jaffray & Co.	66,666
RBC Dain Rauscher Inc.	66,666
TD Waterhouse Investor Services, Inc.	66,666
Wells Fargo Securities, LLC	66,666
ABN AMRO Incorporated	25,000
Advest, Inc.	25,000
B.C. Ziegler and Company	25,000
BB&T Capital Markets, a division of Scott & Stringfellow, Inc.	25,000
C.L. King & Associates, Inc.	25,000
D.A. Davidson & Co.	25,000
Davenport & Company LLC	25,000
Doley Securities, Inc.	25,000
Ferris, Baker Watts, Incorporated	25,000
Guzman & Company	25,000
J.J.B. Hilliard, W.L. Lyons, Inc.	25,000
Janney Montgomery Scott LLC	25,000
Keefe, Bruyette & Woods, Inc.	25,000
Mesirow Financial, Inc.	25,000
Morgan Keegan & Company, Inc.	25,000
Pershing LLC	25,000
Robert W. Baird & Co. Incorporated	25,000
Ryan Beck & Co., Inc.	25,000
Southwest Securities, Inc.	25,000
Stifel, Nicolaus & Company, Incorporated	25,000
Wedbush Morgan Securities Inc.	25,000
William Blair & Company, L.L.C.	25,000
Total	10,000,000

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The underwriting agreement provides that the obligations of the underwriters to purchase the series A preferred shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the series A preferred shares if they purchase any of the series A preferred shares.

The underwriters propose to offer some of the series A preferred shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the series A preferred shares to dealers at the public offering price less a concession not to exceed \$0.50 per share. The underwriters may allow, and dealers may reallow, a concession not to exceed \$0.45 per share on sales to other dealers. If all of the series A preferred shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms.

We have agreed that for a period of 30 days from the date of this prospectus supplement, we will not, without the prior written consent of the representatives, dispose of or hedge any series A preferred shares or any securities convertible into or exchangeable for series A preferred shares. The representatives in their sole discretion may release any of the securities subject to this lock-up agreement at any time without notice.

We have applied to have the series A preferred shares listed on the NYSE under the symbol "AXSPRA."

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. The underwriters have advised us that the underwriting commissions will be \$0.50 per series A preferred share with respect to any series A preferred shares sold to certain institutions. Therefore, to the extent any sales are made to any of those institutions, the actual total underwriting discounts and commissions will be less than the amounts shown in the table below and the actual total proceeds to us will be greater than the amounts described in this prospectus supplement.

Per share	\$	0.7875
Total	\$	7,875,000

In connection with the offering, the representatives, on behalf of the underwriters, may purchase and sell series A preferred shares in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of series A preferred shares in excess of the number of series A preferred shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the series A preferred shares in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of series A preferred shares made for the purpose of preventing or retarding a decline in the market price of the series A preferred shares while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the representatives repurchase series A preferred shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the series A preferred shares. They may also cause the price of the series A preferred shares to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our total expenses for this offering will be \$750,000.

Certain of the underwriters have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. In addition, affiliates of Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and Wachovia Capital Markets, LLC, as well as affiliates of several of the other underwriters, act as lenders under our new five-year \$1.5 billion credit facility.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters.

We expect to deliver the series A preferred shares against payment for the series A preferred shares on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the fifth business day following the date of the pricing of the series A preferred shares ("T + 5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the series A preferred shares on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the series A preferred shares initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State ("the Relevant Implementation Date"), it has not made and will not make an offer of series A preferred shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the series A preferred shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of series A preferred shares to the public in that Relevant Member State at any time:

- (1) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (2) to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000 and (c) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (3) to investors with the minimum total consideration per investor of €50,000; or
- (4) in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of series A preferred shares to the public" in relation to any series A preferred shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the series A preferred shares to be offered so as to enable an investor to decide to purchase or subscribe the series A preferred shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression

Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

- (1) (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell the series A preferred shares other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the series A preferred shares would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act (the "FSMA") by the issuer;
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the series A preferred shares in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the series A preferred shares in, from or otherwise involving the United Kingdom.

The offer in The Netherlands of the series A preferred shares included in this offering is exclusively limited to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

LEGAL MATTERS

Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York will represent us in connection with this offering. LeBoeuf, Lamb, Greene & MacRae, L.L.P. has acted as special counsel to us in connection with United States tax and regulatory matters. The validity of the issuance of the series A preferred shares under Bermuda law will be passed upon for us by Conyers Dill & Pearman, Hamilton, Bermuda. William Fry, special Irish counsel, has advised us on all matters of Ireland law in connection with this offering. Bär & Karrer, special Switzerland counsel, has advised us on all matters of Switzerland law in connection with this offering. Certain legal matters in connection with this offering will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

EXPERTS

The financial statements, the related financial statement schedules, and management's report on the effectiveness of internal control over financial reporting incorporated into this prospectus supplement by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any of this information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers who file electronically with the SEC. The address of that site is <http://www.sec.gov>. These reports, proxy statements and other information may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005. General information about us, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website at www.axiscapital.com as soon as reasonably practicable after we file them with, or furnish them to, the SEC. Information on our website is not incorporated into this prospectus supplement or the accompanying prospectus or our other securities filings and is not a part of these filings.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We "incorporate by reference" into this prospectus supplement information we file with the SEC, which means that we can disclose important information to you by referring you to those documents.

The information incorporated by reference is deemed to be part of this prospectus supplement and later information that we file with the SEC will automatically update and supersede that information. This prospectus supplement incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us and our financial condition.

The following documents listed below, which we have previously filed with the SEC, are incorporated by reference:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2004;

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our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2005 and June 30, 2005 and our Quarterly Report on Form 10-Q/A for the quarterly period ended June 30, 2005;

our Definitive Proxy Statement on Schedule 14A, filed on March 17, 2005; and

our Current Reports on Form 8-K, dated March 4, 2005, May 2, 2005, May 12, 2005, May 20, 2005, August 2, 2005, August 10, 2005, August 12, 2005, August 18, 2005, August 30, 2005, September 12, 2005, September 21, 2005 and September 27, 2005.

All documents filed by us under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus supplement and prior to the termination of the offering of the series A preferred shares shall also be deemed to be incorporated into this prospectus supplement by reference.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address or telephone number:

AXIS Capital Holdings Limited
Attention: Corporate Secretary
106 Pitts Bay Road
Pembroke HM 08, Bermuda
(441) 296-2600

Exhibits to the filings will not be sent, unless those exhibits have been specifically incorporated by reference into this prospectus supplement.

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PROSPECTUS

\$2,413,788,655

AXIS Capital Holdings Limited

**Common Shares, Preference Shares, Depositary Shares,
Debt Securities, Warrants, Stock Purchase Contracts
and Stock Purchase Units**

**AXIS Capital Trust I
AXIS Capital Trust II
AXIS Capital Trust III**

**Trust Preferred Securities Fully and Unconditionally
Guaranteed by AXIS Capital Holdings Limited**

We may offer, from time to time, common shares, preference shares, depositary shares, debt securities, warrants, contracts to purchase shares of our common shares or stock purchase units consisting of (a) a stock purchase contract; (b) warrants and/or (c) debt securities, trust preferred securities or debt obligations of third parties (including United States treasury securities, other stock purchase contracts or common shares), that would secure the holders' obligations to purchase or to sell, as the case may be, common shares, preference shares or depositary shares under the stock purchase contract.

Specific terms of these securities will be provided in one or more supplements to this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest.

AXIS Capital Trust I, AXIS Capital Trust II and AXIS Capital Trust III are Delaware statutory trusts. Each AXIS Capital Trust may offer, from time to time, trust preferred securities. We will guarantee the payments of dividends and payments on liquidation or redemption of the trust preferred securities, as described in this prospectus and in an applicable prospectus supplement. We will own the trust interests represented by the common securities to be issued by each AXIS Capital Trust.

In addition, selling shareholders named in this prospectus may sell up to 68,216,017 of our common shares. We will not receive any of the proceeds from the sale of our common shares by selling shareholders.

Our common shares are listed on the New York Stock Exchange ("NYSE") under the trading symbol "AXS."

Neither the Securities and Exchange Commission, any state securities commission, the Registrar of Companies in Bermuda, the Bermuda Monetary Authority nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy of this prospectus or any prospectus supplement. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 8, 2004.

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This prospectus is part of a joint registration statement filed by AXIS Capital Holdings Limited and the AXIS Capital Trusts with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process (i) we, and in the case of an offering of trust preferred securities, the AXIS Capital Trusts, may sell any combination of the securities described in this prospectus in one or more offerings up to an aggregate offering price of \$750,000,000, and (ii) the selling shareholders may sell in one or more offerings up to an aggregate of 68,216,017 common shares. This prospectus provides you with a general description of the securities we, the AXIS Capital Trusts or the selling shareholders may offer. Each time we or the AXIS Capital Trusts sell securities, we or the AXIS Capital Trusts, as the case may be, will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any applicable prospectus supplement, you should rely on the information in the applicable prospectus supplement. You should read both this prospectus and any applicable prospectus supplement, together with additional information described under the heading "Where You Can Find More Information." Sales by the selling shareholders may not require the provision of a prospectus supplement.

You should rely only on the information contained in this prospectus and the information to which we have referred you. We have not authorized any other person to provide you with information that is

different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this document.

Securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda, which regulates the sale of securities in Bermuda. In addition, the Bermuda Monetary Authority (the "BMA") must approve all issuances and transfers of securities of a Bermuda exempted company. The BMA has issued its permission for the free issuance and transferability of our securities, as long as any of our shares are listed on the NYSE or other appointed stock exchanges, to and among persons who are non-residents of Bermuda for exchange control purposes. The issue and transfer of in excess of 20% of the common shares to and among persons who are residents of Bermuda for exchange control purposes requires prior authorization from the BMA. Any other transfers remain subject to approval by the BMA. In addition, at the time of issue of each prospectus supplement, we will deliver to and file a copy of this prospectus and the prospectus supplement with the Registrar of Companies in Bermuda in accordance with Bermuda law. The BMA and the Registrar of Companies accept no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed in this prospectus or in any prospectus supplement.

As used in this prospectus, references to the "Company," "we," "us" or "our" refer to the consolidated operations of AXIS Capital Holdings Limited ("AXIS Capital") and its direct and indirect subsidiaries and branches, including AXIS Specialty Limited ("AXIS Specialty"), AXIS Re Limited ("AXIS Re"), AXIS Specialty Europe Limited ("AXIS Specialty Europe"), AXIS Reinsurance Company ("AXIS Reinsurance"), AXIS Specialty Insurance Company ("AXIS Insurance"), AXIS Surplus Insurance Company ("AXIS Surplus"), AXIS Re Europe and AXIS Specialty London, unless the context suggests otherwise. References in this prospectus to "dollars" or "\$" are to the lawful currency of the United States of America, unless the context otherwise requires. All share amounts, per share data and strike prices contained in this prospectus have been adjusted to reflect an 8 for 1 share split that was effected on June 30, 2003. As used in this prospectus, references to the "AXIS Capital Trusts" refer to AXIS Capital Trust I, AXIS Capital Trust II and AXIS Capital Trust III.

RISK FACTORS

Investing in our securities involves risks. You should carefully consider the following information about these risks, together with the other information contained in this prospectus, before making an investment decision. Any of the risks described below could result in a significant or material adverse effect on our results of operations or financial condition and a corresponding decline in the market price of our securities. Additional risk factors may be included in a prospectus supplement relating to a particular series or offering of securities. These risks could materially affect our business, results of operations or financial condition and cause the value of our securities to decline. You could lose all or part of your investment.

Risks Related to the Company

Our future performance is difficult to predict because we have a limited operating history.

We began our business in November 2001 and have a limited operating and financial history. As a result, there is limited historical financial and operating information available to help you evaluate our performance. Because we are in the early stages of development, we face substantial business and financial risks and may suffer significant losses. We must successfully develop and maintain business relationships, establish operating procedures, hire staff, install management information and other systems and complete other tasks necessary to conduct our intended business activities. It is possible that we will not be successful in implementing our business strategy or accomplishing these necessary tasks. In addition, because we have not experienced any substantial claims to date, our historical financial results may not accurately indicate our future performance.

Our financial condition could be adversely affected by the occurrence of natural and man-made disasters.

We have substantial exposure to unexpected losses resulting from natural disasters, man-made catastrophes and other catastrophic events. Catastrophes can be caused by various events, including hurricanes, earthquakes, hailstorms, explosions, severe winter weather, fires, war, acts of terrorism, political instability and other natural or man-made disasters. In addition, we have written and will continue to write policies explicitly covering war, acts of terrorism and political risk. The incidence and severity of catastrophes are inherently unpredictable and our losses from catastrophes could be substantial. The occurrence of claims from catastrophic events is likely to result in substantial volatility in our results of operations or financial condition for any fiscal quarter or year. This volatility is compounded by accounting regulations that do not permit reinsurers to reserve for such catastrophic events until they occur. Increases in the values and concentrations of insured property may increase the severity of these occurrences in the future. Although we attempt to manage our exposure to such events, a single catastrophic event could affect multiple geographic zones or the frequency or severity of catastrophic events could exceed our estimates. As a result, the occurrence of one or more catastrophic events could have a material adverse effect on our results of operations or financial condition and our ability to write new business.

If actual claims exceed our loss reserves, our financial results could be significantly adversely affected.

Our results of operations and financial condition depend upon our ability to assess accurately the potential losses associated with the risks that we insure and reinsure. We establish loss reserves to cover our estimated liability for the payment of all losses and loss expenses incurred with respect to premiums earned on the policies that we write. Our operating history is too limited and our loss history is insufficient to allow us currently to extrapolate reserves directly. Instead, our current loss reserves are based on estimates involving actuarial and statistical projections of our expectations of the ultimate settlement and administration costs of claims incurred but not reported ("IBNR"). We utilize actuarial models and historical insurance industry loss development patterns to establish appropriate loss reserves, as well as estimates of future trends in claims severity, frequency and other factors.

Establishing an appropriate level of loss reserves is an inherently uncertain process. Accordingly, actual claims and claim expenses paid will likely deviate, perhaps substantially, from the reserve estimates reflected in our consolidated financial statements.

If our loss reserves are determined to be inadequate, we will be required to increase loss reserves at the time of such determination and our net income will be reduced. In addition, we could incur an operating loss and a reduction of our capital.

The failure of any of the loss limitation methods we employ could have a material adverse effect on our results of operations or financial condition.

We seek to mitigate our loss exposure by writing a number of our insurance and reinsurance contracts on an excess of loss basis. Excess of loss insurance and reinsurance indemnifies the insured against losses in excess of a specified amount. In addition, we limit program size for each client and purchase reinsurance for our own account. In the case of proportional reinsurance treaties, we seek per occurrence limitations or loss and loss expense ratio caps to limit the impact of losses from any one event. In proportional reinsurance, the reinsurer shares a proportional part of the premiums and losses of the reinsured. We cannot be sure that any of these loss limitation methods will be effective. We also seek to limit our loss exposure by geographic diversification. Geographic zone limitations involve significant underwriting judgments, including the determination of the area of the zones and the inclusion of a particular policy within a particular zone's limits. Various provisions of our policies, such as limitations or exclusions from coverage or choice of forum negotiated to limit our risks may not be enforceable in the manner we intend. As a result of these risks, one or more catastrophic or other events could result in claims that substantially exceed our expectations, which could have a material adverse effect on our results of operations or financial condition.

The effects of emerging claim and coverage issues on our business are uncertain.

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the number or size of claims. In some instances, these changes may not become apparent until some time after we have issued insurance or reinsurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after a contract is issued. One recent example of an emerging claims and coverage issue is larger settlements and jury awards against professionals and corporate directors and officers covered by professional liability and directors' and officers' liability insurance.

The risk associated with reinsurance underwriting could adversely affect us.

In our reinsurance business, we do not separately evaluate each of the individual risks assumed under reinsurance treaties. This is common among reinsurers. Therefore, we are largely dependent on the original underwriting decisions made by insurers that reinsure their liabilities, or ceding companies. We are subject to the risk that the ceding companies may not have adequately evaluated the risks to be reinsured and that the premiums ceded may not adequately compensate us for the risks we assume.

We could be adversely affected by the loss of one or more key executives or by an inability to attract and retain qualified personnel.

Our success depends on our ability to retain the services of our existing key executives and to attract and retain additional qualified personnel in the future. The loss of the services of any of our key executives or the inability to hire and retain other highly qualified personnel in the future could adversely affect our ability to conduct our business. We do not maintain key man life insurance policies with respect to our employees, except for our Chief Executive Officer and President, John R. Charman.

Under Bermuda law, non-Bermudians (other than spouses of Bermudians, holders of a permanent resident's certificate or holders of a working resident's certificate) may not engage in any gainful occupation in Bermuda without an appropriate governmental work permit. Work permits may be granted or extended by the Bermuda government only upon showing that, after proper public advertisement in most cases, no Bermudian (or spouse of a Bermudian, holder of a permanent resident's certificate or holder of a working resident's certificate) is available who meets the minimum standard requirements for the advertised position. In 2001, the Bermuda government announced a new immigration policy limiting the duration of work permits to between six and nine years, with specified exemptions for "key" employees. If work permits are not obtained or renewed for our key executives in Bermuda, we could lose their services, which could adversely affect our ability to conduct our business.

Our operating subsidiaries are rated by Standard & Poor's and A.M. Best, and a decline in these ratings could affect our standing among brokers and customers and cause our sales and earnings to decrease.

Ratings have become an increasingly important factor in establishing the competitive position of insurance and reinsurance companies. Standard & Poor's maintains a letter scale rating system ranging from "AAA" (Extremely Strong) to "R" (under regulatory supervision). A.M. Best maintains a letter scale rating system ranging from "A++" (Superior) to "F" (in liquidation). Moody's Investors Services maintains a letter scale rating system ranging from "Aaa" (Exceptional) to "NP" (not prime). Our insurance subsidiaries have been rated "A" (Strong) by Standard & Poor's, which is the sixth highest of twenty-one rating levels, and "A" (Excellent) by A.M. Best, which is the third highest of fifteen rating levels. AXIS Specialty, AXIS Re and AXIS Reinsurance are rated "A2" (Good) by Moody's Investors Service, which is the sixth highest of 21 ratings. The objective of these rating systems is to provide an opinion of an insurer's financial strength and ability to meet ongoing obligations to its policyholders. Our ratings reflect the rating agencies' opinions of our financial strength, are not evaluations directed to investors in our securities and are not recommendations to buy, sell or hold our securities.

Our ratings are subject to periodic review by, and may be revised downward or revoked at the sole discretion of, the rating agency. If our ratings are reduced from their current levels by any rating agency, our competitive position in the insurance and reinsurance industry would suffer, and it would be more difficult for us to market our products. A downgrade, therefore, could result in a substantial loss of business as insureds, ceding companies and brokers move to other insurers and reinsurers with higher ratings. In addition, we will be in default of our credit facility if any of AXIS Specialty, AXIS Re, AXIS Specialty Europe, AXIS Reinsurance, AXIS Insurance or AXIS Surplus fails to maintain a rating of at least B++ from A.M. Best.

Since we depend on a few brokers for a large portion of our revenues, loss of business provided by any one of them could adversely affect us.

We market our insurance and reinsurance worldwide primarily through insurance and reinsurance brokers. Marsh, Inc., including its subsidiary Guy Carpenter & Company, Inc., Aon Corporation, Willis Group Holdings Ltd. and Benfield Group provided 33.7%, 19.3%, 11.5% and 4.0% (for a total of 68.5%), respectively, of our gross premiums written in the year ended December 31, 2003. We believe these brokers also have, or may in the future acquire, ownership interests in insurance and reinsurance companies that may compete with us, and these brokers may favor their own insurers or reinsurers over other companies. Loss of all or a substantial portion of the business provided by one or more of these brokers could have a material adverse effect on our business.

Our reliance on brokers subjects us to their credit risk.

In accordance with industry practice, we generally pay amounts owed on claims under our insurance and reinsurance contracts to brokers, and these brokers, in turn, pay these amounts over to the clients that have purchased insurance or reinsurance from us. Although the law is unsettled and

depends upon the facts and circumstances of the particular case, in some jurisdictions, if a broker fails to make such a payment, we might remain liable to the insured or ceding insurer for the deficiency. Conversely, in certain jurisdictions, when the insured or ceding insurer pays premiums for these policies to brokers for payment over to us, these premiums might be considered to have been paid and the insured or ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums from the broker. Consequently, we assume a degree of credit risk associated with brokers with whom we transact business. However, due to the unsettled and fact-specific nature of the law, we are unable to quantify our exposure to this risk. To date, we have not experienced any material losses related to these credit risks.

If we choose to purchase reinsurance, we may be unable to do so, and if we successfully purchase reinsurance, we may be unable to collect.

We purchase reinsurance for our own account in order to mitigate the volatility of losses upon our financial condition. A reinsurer's insolvency, or inability or refusal to make payments under the terms of its reinsurance agreement with us, could have a material adverse effect on us because we remain liable to the insured.

From time to time, market conditions have limited, and in some cases have prevented, insurers and reinsurers from obtaining the types and amounts of reinsurance that they consider adequate for their business needs. For example, following the tragic events of September 11, 2001, terms and conditions in the reinsurance and retrocessional markets generally became less attractive. In retrocessional reinsurance, a reinsurer cedes to another reinsurer all or part of the reinsurance that was originally assumed. Accordingly, we may not be able to obtain our desired amounts of reinsurance or retrocessional reinsurance. In addition, even if we are able to obtain such reinsurance or retrocessional reinsurance, we may not be able to negotiate terms that we deem appropriate or acceptable or obtain such reinsurance or retrocessional reinsurance from entities with satisfactory creditworthiness.

Our investment performance may affect our financial results and ability to conduct business.

Our funds are invested by several professional investment advisory management firms under the direction of our management team in accordance with detailed investment guidelines set by us. Although our investment policies stress diversification of risks, conservation of principal and liquidity, our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. In particular, the volatility of our claims may force us to liquidate securities, which may cause us to incur capital losses. If we do not structure our investment portfolio so that it is appropriately matched with our insurance and reinsurance liabilities, we may be forced to liquidate investments prior to maturity at a significant loss to cover the liabilities. Investment losses could significantly decrease our asset base, thereby affecting our ability to conduct business. For the year ended December 31, 2003, 6.2% or \$96.5 million of our total revenues was derived from our invested assets. This represented 18.1% of our net income.

We may be adversely affected by interest rate changes.

Our operating results are affected, in part, by the performance of our investment portfolio. Our investment portfolio contains interest rate sensitive-instruments, such as bonds, which may be adversely affected by changes in interest rates. Changes in interest rates could also have an adverse effect on our investment income and results of operations. For example, if interest rates decline, funds reinvested will earn less than expected.

In addition, our investment portfolio includes mortgage-backed securities. As of June 30, 2004, mortgage-backed securities constituted approximately 29.9% of our invested assets (assets under management by third party investment managers). As with other fixed income investments, the fair market value of these securities fluctuates depending on market and other general economic conditions

and the interest rate environment. Changes in interest rates can expose us to prepayment risks on these investments. In periods of declining interest rates, mortgage prepayments generally increase and mortgage-backed securities are prepaid more quickly, requiring us to reinvest the proceeds at the then current market rates. In periods of increasing interest rates, these investments are exposed to extension risk, which occurs when the holders of underlying mortgages reduce the frequency on which they prepay the outstanding principal before the maturity date and delay any refinancing of the outstanding principal.

Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. Although we take measures to manage the risks of investing in a changing interest rate environment, we may not be able to mitigate interest rate sensitivity effectively. Our mitigation efforts include maintaining a high quality portfolio with a relatively short duration to reduce the effect of interest rate changes on book value. Despite our mitigation efforts, a significant increase in interest rates could have a material adverse effect on our book value.

We may require additional capital in the future, which may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses. We may need to raise additional funds through financings or curtail our growth and reduce our assets. Any equity or debt financing, if available at all, may be on terms that are not favorable to us. In the case of equity financings, dilution to our shareholders could result, and in any case such securities may have rights, preferences and privileges that are senior to those of our other securities we may offer. If we cannot obtain adequate capital on favorable terms or at all, our business, operating results and financial condition could be adversely affected.

Our operating results may be adversely affected by currency fluctuations.

Our functional currency is the U.S. dollar. For the year ended December 31, 2003, 9.4% of our gross premiums were written in currencies other than the U.S. dollar. As a result of the introduction of our operations in Switzerland, we expect that additional premiums will be written in currencies other than the U.S. dollar and that this percentage will increase. A portion of our loss reserves and investments are also in non-U.S. currencies. We may, from time to time, experience losses resulting from fluctuations in the values of these non-U.S. currencies, which could adversely affect our operating results.

We have no currency hedges in place, nor are we currently aware of any material exposures to loss payments that will be paid in non-U.S. currencies. We intend to consider the use of hedges when we are advised of known or probable significant losses that will be paid in non-U.S. currencies. However, it is possible that we will not successfully structure those hedges so as to effectively manage these risks.

The regulatory system under which we operate, and potential changes thereto, could have a material adverse effect on our business.

General. Our insurance and reinsurance subsidiaries may not be able to obtain or maintain necessary licenses, permits, authorizations or accreditations in locales where we currently engage in business or in new locales, or may be able to do so only at significant cost. In addition, we may not be able to comply fully with, or obtain appropriate exemptions from, the wide variety of laws and regulations applicable to insurance or reinsurance companies or holding companies. Failure to comply with or to obtain appropriate authorizations and/or exemptions under any applicable laws could result in restrictions on our ability to do business or undertake activities that are regulated in one or more of the jurisdictions in which we operate and could subject us to fines and other sanctions. In addition,

changes in the laws or regulations to which our insurance and reinsurance subsidiaries are subject could have a material adverse effect on our business.

AXIS Specialty. AXIS Specialty is a registered Class 4 Bermuda insurance and reinsurance company. Among other matters, Bermuda statutes and regulations and policies of the BMA require AXIS Specialty to maintain minimum levels of statutory capital, surplus and liquidity, meet solvency standards, submit to periodic examinations of its financial condition and restrict payments of dividends and reductions of capital. These statutes, regulations and policies may, in effect, restrict AXIS Specialty's ability to write insurance and reinsurance policies, to make certain investments and to distribute funds.

The offshore insurance and reinsurance regulatory environment has become subject to increased scrutiny in many jurisdictions, including the United States and various states within the United States. Compliance with any new laws or regulations regulating offshore insurers or reinsurers could have a material adverse effect on our business. In addition, although AXIS Specialty does not believe it is or will be in violation of insurance laws or regulations of any jurisdiction outside Bermuda, inquiries into or challenges to AXIS Specialty's insurance or reinsurance activities may still be raised in the future.

AXIS U.S. Subsidiaries. AXIS Reinsurance is organized in New York and is licensed to write certain lines of insurance and reinsurance in New York and elsewhere throughout the United States. AXIS Insurance and AXIS Surplus are organized and licensed to write certain lines of insurance in Connecticut and Illinois, respectively, and are eligible to write certain lines of insurance in some other U.S. jurisdictions on an excess or surplus lines basis (AXIS Reinsurance, AXIS Insurance and AXIS Surplus are collectively referred to as the "AXIS U.S. Subsidiaries"). The AXIS U.S. Subsidiaries are subject to the laws and regulations of their respective states of domicile and other jurisdictions in which they are licensed or otherwise eligible to engage in business. These laws and regulations, among other things, subject some affiliate transactions between such entities and other members of our holding company system to regulatory authority and require them to maintain minimum levels of capital, surplus and liquidity and comply with applicable risk-based capital requirements. In addition, they impose restrictions on the payment of dividends and distributions and in some cases require them to file insurance premium rates and policy forms. These rules and regulations may have the effect of restricting the ability of the AXIS U.S. Subsidiaries to write new business or distribute assets to AXIS Capital. The purpose of the state insurance laws and regulations is to protect U.S. insureds and U.S. ceding insurance companies, not our shareholders. In recent years, the U.S. insurance regulatory framework has come under increased federal scrutiny, and some state legislators have considered or enacted laws that may alter or increase state regulation of insurance and reinsurance companies and holding companies. Moreover, the National Association of Insurance Commissioners ("NAIC"), which is an association of the insurance commissioners of all 50 states and the District of Columbia, and state insurance regulators regularly reexamine existing laws and regulations. Changes in these laws and regulations or the interpretation of these laws and regulations could have a material adverse effect on our business.

AXIS Specialty Europe. AXIS Specialty Europe is a non-life insurance company incorporated under the laws of Ireland and as such is subject to the regulation and supervision of the Irish Financial Services Regulatory Authority pursuant to the Irish Insurance Acts 1909 to 2000, regulations relating to insurance business and the Central Bank and Financial Services Authority of Ireland Acts 2003 and 2004 (together "the Insurance Acts and Regulations"). The Insurance Acts and Regulations establish a single regulatory authority for the financial services industry in Ireland and, with effect from May 1, 2003, responsibility for the regulation and supervision of the insurance and reinsurance industries in Ireland passed to the Irish Financial Services Regulatory Authority (the "Irish Regulatory Authority"). Without the consent of the Irish Regulatory Authority, AXIS Specialty Europe is not permitted to reduce the level of its capital, may not make any dividend payments, may not make intercompany loans and must maintain a minimum solvency margin. Additionally, AXIS Specialty Europe has agreed with

the Irish Regulatory Authority to limit the level of reinsurance business that it writes. These rules and regulations may have the effect of restricting the ability of AXIS Specialty Europe to write new business or distribute assets to AXIS Capital.

AXIS Re. AXIS Re is a reinsurance company incorporated under the laws of Ireland. Under Irish law, a reinsurance company such as AXIS Re is required to maintain a minimum level of paid up share capital. As a general matter, AXIS Re is not subject to the same level of regulation in Ireland as AXIS Specialty Europe. However, the Insurance Acts and Regulations provide that the Irish Regulatory Authority may create regulations that cause the general insurance laws and regulations in Ireland to apply to reinsurance companies that carry on the type of business that AXIS Re carries on. If any regulations were adopted, such regulations could require AXIS Re to apply to the Irish Regulatory Authority to be authorized to carry on its business, which authorization would likely contain conditions with which AXIS Re would then have to comply, such as in regard to capitalization, maintenance of reserves, reserving policy, investment policy, solvency requirements and the filing of returns. If such an application for authorization were not successful or if AXIS Re were unable to comply with such conditions as might be attached to such authorization, it would not be lawful for it to continue to carry on its business and it would have to cease operations. The Irish Regulatory Authority has the power to direct AXIS Re to cease writing business indefinitely or for a specified period for, among other grounds, inadequate capitalization, unsuitable directors and/or management or insufficient staff based in Ireland. Changes in these laws and regulations or the interpretation of these laws and regulations could have a material adverse effect on our business or results of operations.

In addition, the European Commission is currently finalizing a draft directive to establish a harmonized framework for reinsurance supervision in the European Union (the "EU"). Once implemented, the directive will permit a reinsurer licensed in one EU member state to carry on business in any other EU member state without requiring further authorization. The European Commission has indicated in various communications on the subject that the supervisory regime for reinsurers would be largely based on existing rules for direct insurers with some modifications. Once the reinsurance supervision directive is implemented in Ireland, AXIS Re will be required to apply to the Irish Regulatory Authority to be authorized to carry on its business (or it may be entitled to rely on "grandfather" provisions which will deem it to be so authorized). In either event, AXIS Re will be subject to more stringent regulatory requirements such as capitalization, maintenance of reserves, reserving policy, investment policy, solvency requirements and the filing of returns. If such an application for authorization were not successful or if AXIS Re were unable to comply with the conditions that might be attached to the authorization, it would not be lawful for it to continue to carry on its business and it would have to cease operations.

Our inability to obtain the necessary credit could affect our ability to offer reinsurance in certain markets.

AXIS Specialty is not licensed or admitted as an insurer in any jurisdiction other than Bermuda. Because many jurisdictions do not permit insurance companies to take credit for reinsurance obtained from unlicensed or non-admitted insurers on their statutory financial statements unless appropriate security mechanisms are in place, our reinsurance clients typically require AXIS Specialty to post letters of credit or other collateral. We expect that our credit facility will be used for this purpose. However, if this facility is not sufficient or if we are unable to renew this facility or are unable to arrange for other types of security on commercially reasonable terms, AXIS Specialty could be limited in its ability to write business for certain of our clients.

Our ability to pay dividends and to make payments on indebtedness may be constrained by our holding company structure.

AXIS Capital is a holding company and has no direct operations of its own. AXIS Capital does not expect to have any significant operations or assets other than its ownership of the shares of its operating insurance and reinsurance subsidiaries, AXIS Specialty, AXIS Re, AXIS Specialty Europe, AXIS Reinsurance, AXIS Insurance and AXIS Surplus (collectively, our "Insurance Subsidiaries"). Dividends and other permitted distributions from our Insurance Subsidiaries are expected to be our primary source of funds to meet ongoing cash requirements, including any future debt service payments and other expenses, and to pay dividends to our shareholders. Our Insurance Subsidiaries (with the exception of AXIS Re) are subject to significant regulatory restrictions limiting their ability to declare and pay dividends. The inability of our Insurance Subsidiaries to pay dividends in an amount sufficient to enable us to meet our cash requirements at the holding company level could have a material adverse effect on our operations and our ability to pay dividends to our shareholders.

Our ability to pay dividends and make other payments may be constrained by certain regulatory and other constraints.

AXIS Capital is subject to Bermuda regulatory constraints that will affect its ability to declare and pay dividends on its common shares and make other payments. Under the Bermuda Companies Act 1981, as amended (the "Companies Act"), AXIS Capital may declare or pay a dividend or make a distribution out of contributed surplus only if it has no reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due or that the realizable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium accounts. Furthermore, our ability to pay dividends is limited under our credit facility, which provides that we cannot pay cash dividends to our shareholders in excess of \$150 million in the aggregate for any fiscal year during the period that any commitments or obligations are outstanding thereunder. Furthermore, in order to reduce its total statutory capital by 15% or more, AXIS Specialty would require the prior approval of the BMA.

Our founding shareholders and some of our directors may have conflicts of interest with us.

Our founding shareholders and some of our directors hold positions, engage in commercial activities and enter into transactions or agreements with us or in competition with us, which may give rise to conflicts of interest. Of our directors, Mr. Charles Davis is Chairman and Chief Executive Officer of MMC Capital, Inc. and a Vice Chairman and a director of Marsh & McLennan Companies, Inc., Mr. Thomas Forrester is the Chief Financial Officer of The Progressive Corporation, Mr. Donald Greene is a director of AXA Financial, Equitable Life Assurance and Associated Electric & Gas Insurance Services Limited, and Mr. Frank Tasco is a director of Travelers Property Casualty Corp. In addition, we derive a significant portion of our business through insurance and reinsurance relationships and other arrangements in which Marsh or its affiliates have acted as a broker or insurance or reinsurance intermediary. Our directors have sponsored, and may in the future sponsor, other entities engaged in or intending to engage in insurance and reinsurance underwriting, some of which may compete with us. They have also entered into or may in the future enter into, agreements with companies that may compete with us. We do not have any agreement or understanding with any of these parties regarding the resolution of potential conflicts of interest. We may not be in a position to influence any party's decision to engage in activities that would give rise to a conflict of interest. These parties may take actions that are not in our shareholders' best interests.

AXIS Capital is a Bermuda company and it may be difficult for you to enforce judgments against it or its directors and executive officers.

AXIS Capital is incorporated pursuant to the laws of Bermuda and our business is based in Bermuda. In addition, certain of our directors and officers reside outside the United States, and all or

a substantial portion of our assets and the assets of such persons are located in jurisdictions outside the United States. As such, it may be difficult or impossible to effect service of process within the United States upon those persons or to recover against us or them on judgments of U.S. courts, including judgments predicated upon civil liability provisions of the U.S. federal securities laws. Further, no claim may be brought in Bermuda against us or our directors and officers for violation of U.S. federal securities laws because these laws have no extraterritorial application under Bermuda law and do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability, including the possibility of monetary damages, on us or our directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Bermuda law.

We have been advised by Conyers Dill & Pearman, our Bermuda counsel, that there is doubt as to whether the courts of Bermuda would enforce judgments of U.S. courts obtained in actions against us or our directors and officers, as well as the experts named herein, predicated upon the civil liability provisions of the U.S. federal securities laws or original actions brought in Bermuda against us or such persons predicated solely upon U.S. federal securities laws. Further, we have been advised by Conyers Dill & Pearman that there is no treaty in effect between the United States and Bermuda providing for the enforcement of judgments of U.S. courts, and there are grounds upon which Bermuda courts may not enforce judgments of U.S. courts. Some remedies available under the laws of U.S. jurisdictions, including some remedies available under the U.S. federal securities laws, may not be allowed in Bermuda courts as contrary to that jurisdiction's public policy.

Risks Related to Our Industry

We operate in a highly competitive environment.

The insurance and reinsurance industry is highly competitive. We compete on an international and regional basis with major U.S., Bermuda, European and other international insurers and reinsurers and with underwriting syndicates, some of which have greater financial, marketing and management resources than we do. We al