

AXIS CAPITAL HOLDINGS LTD

Form 424B2

March 19, 2010

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Amount of registration fee(1)
5.875% Senior Notes due 2020 of AXIS Specialty Finance LLC	\$500,000,000	\$35,650
Guarantee of AXIS Capital Holdings Limited of 5.875% Senior Notes due 2020(2)	N/A	
TOTAL	\$500,000,000	\$35,650

(1) This filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended, and relates to the Registration Statement on Form S-3 (File No. 333-165548) filed by the Registrants on March 18, 2010.

(2) No separate consideration will be received for the guarantee. Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no separate fee for the guarantee is payable.

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**FILED PURSUANT TO RULE 424(B)(2)
REGISTRATION NO. 333-165548
333-165548-01**

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 18, 2010)

\$500,000,000

AXIS SPECIALTY FINANCE LLC

5.875% SENIOR NOTES DUE 2020

Fully and unconditionally guaranteed by

AXIS CAPITAL HOLDINGS LIMITED

The notes will bear interest at the rate of 5.875% per year. Interest on the notes is payable on June 1 and December 1 of each year, beginning on June 1, 2010, provided that such day is a business day in New York City. The notes will mature on June 1, 2020.

The notes will be unsecured senior obligations of AXIS Specialty Finance LLC and will rank equally with all of our other unsecured senior indebtedness. The notes will be fully and unconditionally guaranteed by AXIS Capital Holdings Limited. The guarantee will be an unsecured senior obligation of AXIS Capital Holdings Limited and will rank equally with all of its other existing and future unsecured senior obligations.

We may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes, plus a make whole premium, plus accrued and unpaid interest, if any. The notes are not subject to a sinking fund provision.

The notes will not be listed on any securities exchange.

Investing in the notes involves risks. See Risk Factors beginning on page S-7.

	Per Note	Total
Public offering price	99.624%	\$ 498,120,000

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Underwriting discount	0.650%	\$ 3,250,000
Proceeds to AXIS Finance	98.974%	\$ 494,870,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the attached prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect that the notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company (DTC) and its direct participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* on or about March 23, 2010.

Joint Book-Running Managers

Barclays Capital

Deutsche Bank Securities

Wells Fargo Securities

Co-Managers

BofA Merrill Lynch

Citi

J.P. Morgan

Crédit Agricole CIB

HSBC

The date of this prospectus supplement is March 18, 2010

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement contains the terms of this offering of notes. This prospectus supplement may add, update or change information contained or incorporated by reference in the accompanying prospectus. In addition, the information incorporated by reference in 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 or incorporated by reference 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 and the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the attached prospectus. No one has been authorized to provide you with different information. You should not assume that the information contained in this prospectus supplement or the attached prospectus is accurate as of any date other than the date on the front cover of the document. The notes are not being offered in any state or jurisdiction where the offer is not permitted.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus contain 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, outlook, seeks, approximately and intend*. 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. Accordingly there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. We believe these factors include but are not limited to those described under the caption **Risk Factors**. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

Any forward-looking statements made by or on behalf of us in this prospectus supplement, the accompanying prospectus or in a document incorporated by reference into this prospectus supplement and the accompanying prospectus speak only as of the date of this prospectus supplement, the accompanying prospectus or such document incorporated by reference, as the case may be. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained or incorporated by reference within this prospectus supplement and the accompanying prospectus. While we have highlighted what we believe is the most important information about us and this offering in this summary, you should read the entire prospectus supplement and the accompanying prospectus carefully, including the Risk Factors and Cautionary Statement Regarding Forward-Looking Statements sections and AXIS Capital's consolidated financial statements and the notes to those consolidated financial statements, in each case incorporated by reference herein, before making an investment decision. In this prospectus supplement, references to AXIS Finance, we, us or our refer to AXIS Specialty Finance LLC, references to AXIS U.S. Holdings refer to AXIS Specialty U.S. Holdings, Inc. and references to AXIS Capital refer to the consolidated operations of AXIS Capital Holdings Limited and its direct and indirect subsidiaries and branches, unless the context suggests otherwise. References in this prospectus supplement to dollars or \$ are to the lawful currency of the United States of America, unless the context otherwise requires.

AXIS CAPITAL HOLDINGS LIMITED

AXIS Capital is a Bermuda-based holding company. AXIS Capital was incorporated on December 9, 2002. AXIS Specialty Limited (AXIS Specialty Bermuda) commenced operations on November 20, 2001. AXIS Specialty Bermuda and its subsidiaries became wholly owned subsidiaries of AXIS Capital pursuant to an exchange offer consummated on December 31, 2002. Through its various operating subsidiaries and branches, AXIS Capital provides a broad range of insurance and reinsurance products to insureds and reinsureds worldwide operations with primary locations in Bermuda, the United States and Europe. AXIS Capital's business consists of two distinct global underwriting platforms, AXIS Insurance and AXIS Re.

AXIS Capital's underwriting operations are organized around its two distinct global underwriting platforms, AXIS Insurance and AXIS Re, and therefore AXIS Capital has determined that it has two reportable segments, insurance and reinsurance. Except for goodwill and intangible assets, AXIS Capital does not allocate its assets by segment as it evaluates the underwriting results of each segment separately from the results of its investment portfolio.

AXIS Capital's insurance segment offers specialty insurance products to a variety of niche markets on a worldwide basis. The following are the lines of business in AXIS Capital's insurance segment:

Property: provides physical loss or damage, business interruption and machinery breakdown coverage for virtually all types of property, including commercial buildings, residential premises, construction projects and onshore energy installations. This line of business consists of both primary and excess risks, some of which are catastrophe-exposed.

Marine: provides coverage for traditional marine classes, including offshore energy, cargo, liability, recreational marine, fine art, specie, hull and war. Offshore energy coverages include physical damage, business interruption, operators extra expense and liability coverage for all aspects of offshore upstream energy, from exploration and construction through the operation and distribution phases.

Terrorism: provides coverage for physical damage and business interruption of an insured following an act of terrorism.

Aviation: provides hull and liability and specific war coverage primarily for passenger airlines but also for cargo operations, general aviation operations, airports, aviation authorities, security firms and product manufacturers.

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Credit and political risk: provides credit and political risk insurance products for banks and corporations. Coverage is provided for a range of risks including sovereign default, credit default, political violence, currency inconvertibility and non-transfer, expropriation, aircraft non-repossession and contract frustration due to political events. The credit insurance coverage is primarily for lenders seeking to mitigate the risk of non-payment from their borrowers in emerging markets. For the credit insurance contracts, it is necessary for the buyer of the insurance (most often a bank) to hold an insured asset (most often an underlying loan) in order to claim compensation under the insurance contract. The traditional political risk coverage provides protection against sovereign actions that result in the impairment of cross-border investments for banks and major corporations (known as CEND coverages).

Professional lines: provides coverage for directors and officers liability, errors and omissions liability, employment practices liability, fiduciary liability, crime, professional indemnity and other financial insurance related coverages for commercial enterprises, financial institutions and not-for-profit organizations. This business is predominantly written on a claims-made basis.

Liability: primarily targets primary and low/mid-level excess and umbrella commercial liability risks in the U.S. excess and surplus lines markets. Target industry sectors include construction, manufacturing, transportation and trucking and other services.

Other: primarily consists of employee medical coverage for self-insured, small and medium sized employers, for losses in excess of a given retention.

AXIS Capital's reinsurance segment provides non-life insurance to insurance companies on a worldwide basis. The following are AXIS Capital's lines of business in its reinsurance segment:

Catastrophe: provides protection for most catastrophic losses that are covered in the underlying insurance policies written by AXIS Capital's cedants. The exposure in the underlying policies is principally property exposure but also covers other exposures including workers compensation, personal accident and life. The principal perils in this portfolio are hurricane and windstorm, earthquake, flood, tornado, hail and fire. In some instances, terrorism may be a covered peril or the only peril. AXIS Capital underwrites catastrophe reinsurance principally on an excess of loss basis.

Property: includes reinsurance written on both a proportional and a per risk excess of loss basis and covers underlying personal lines and commercial property exposures. Here the primary reason for the product is not simply to protect against catastrophic perils, however they are normally included with limitations.

Professional Liability: covers directors and officers liability, employment practices liability, medical malpractice, lawyers and accountants liability, environmental liability and miscellaneous errors and omissions insurance risks. The underlying business is predominantly written on a claims-made basis. Business is written on both a proportional and excess of loss basis.

Credit and Bond: consists of reinsurance of trade credit insurance products and includes both proportional and excess of loss structures. The underlying insurance indemnifies sellers of goods and services in the event of a payment default by the buyer of those goods and services. Also included in this line of business is coverage for losses arising from a broad array of surety bonds issued by bond insurers principally to satisfy regulatory demands in a variety of jurisdictions around the world.

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Motor: provides coverage to cedants for motor liability and, to a lesser degree, property damage losses arising out of any one occurrence. The occurrence can involve one or many claimants where the ceding insurer aggregates the claims from the occurrence.

Liability: provides coverage to insurers of standard casualty business, excess and surplus casualty business and specialty casualty programs. The primary focus of the underlying business is general liability, although workers compensation and auto liability are also written.

Engineering: provides coverage for all types of construction risks and risks associated with erection, testing and commissioning of machinery and plants during the construction stage. This line of business also includes coverage for losses arising from operational failures of machinery, plant and equipment and electronic equipment as well as business interruption.

Other: includes aviation, marine, personal accident and crop reinsurance.

AXIS Capital's long-term business strategy focuses on utilizing its management's extensive expertise, experience and long-standing market relationships to identify and underwrite attractively priced risks while delivering insurance and reinsurance solutions to its customers. AXIS Capital's underwriters worldwide are focused on constructing a portfolio of risks that effectively utilizes its capital while optimizing the risk-reward characteristics of the portfolio. AXIS Capital exercises disciplined underwriting practices and manages a diverse book of business while seeking to maximize its profitability and generate superior returns on equity. To afford itself ample opportunity to construct a portfolio diversified by product and geography that meets its profitability and return objectives, AXIS Capital has implemented organic growth strategies in key markets worldwide.

AXIS Capital's principal executive offices are located at 92 Pitts Bay Road, Pembroke HM 08, Bermuda, and its telephone number is (441) 496-2600.

AXIS SPECIALTY FINANCE LLC

AXIS Finance was formed in Delaware on March 12, 2010 as a limited liability company and is a direct wholly-owned subsidiary of AXIS U.S. Holdings and an indirect wholly-owned subsidiary of AXIS Capital. AXIS Finance is a finance subsidiary without other material business activities. The principal executive office of AXIS Finance is 11680 Great Oaks Way, Suite 500, Alpharetta, Georgia 30022 and its telephone number is (678) 746-9000.

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The Offering

*The summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. For a more complete understanding of this offering and the terms of the notes, we encourage you to read this entire prospectus supplement, including the information under the caption *Description of the Notes and the Guarantee*, and the accompanying prospectus, including the information under the caption *Description of AXIS Finance Debt Securities and AXIS Capital Debt Guarantees*, and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.*

Issuer	AXIS Specialty Finance LLC.
Guarantor	AXIS Capital Holdings Limited.
Notes Offered	\$500,000,000 aggregate principal amount of 5.875% senior notes due 2020.
Guarantee	Fully and unconditionally guaranteed by AXIS Capital Holdings Limited.
Maturity Date	June 1, 2020.
Interest Rate and Payment Dates	The notes will bear interest at a per annum rate of 5.875%, payable semi-annually in arrears on June 1 and December 1 of each year, commencing June 1, 2010.
Ranking	The notes: are unsecured senior obligations of AXIS Finance; rank equally with future unsecured and senior debt of AXIS Finance; and are effectively junior to any future secured indebtedness of AXIS Finance.
The guarantee:	 is an unsecured senior obligation of AXIS Capital Holdings Limited; ranks equally with all outstanding and future unsecured and senior debt of AXIS Capital Holdings Limited; is effectively junior to any future secured indebtedness of AXIS Capital Holdings Limited; and

is effectively junior to any existing and future liabilities of AXIS Capital Holdings Limited's subsidiaries.

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Optional Redemption	The notes will be redeemable, at our option, in whole or in part, at any time, at a redemption price equal to 100% of the principal amount of the notes, plus a make whole premium, plus accrued and unpaid interest, if any. See Description of the Notes and the Guarantee Optional Redemption.
Use of Proceeds	We will lend all of the net proceeds from this offering to our direct parent, AXIS U.S. Holdings. AXIS U.S. Holdings will use the proceeds for general corporate purposes. See Use of Proceeds.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Risk Factors	Investing in the notes involves risks. See the section titled Risk Factors beginning on page S-7 of this prospectus supplement and other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the notes.

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The following table sets forth summary consolidated historical financial data of AXIS Capital as of and for the fiscal years ended December 31, 2009, 2008, 2007, 2006 and 2005. The following summary consolidated historical financial data as of and for the fiscal years ended December 31, 2009, 2008 and 2007 was derived from the audited consolidated financial statements of AXIS Capital, which are incorporated by reference in the accompanying prospectus. Additionally, the following summary consolidated historical financial data as of and for the fiscal years ended December 31, 2006 and 2005 was derived from the audited consolidated financial statements of AXIS Capital. The data below should be read together with AXIS Capital audited consolidated financial statements and the accompanying notes thereto and other financial data incorporated by reference herein.

	As of and for year ended December 31				
	2009	2008	2007	2006	2005
	(in thousands, except ratios and per share amounts)				
Selected Statement of Operations Data:					
Gross premiums written	\$ 3,587,295	\$ 3,390,388	\$ 3,590,090	\$ 3,609,036	\$ 3,393,885
Net premiums earned	2,791,764	2,687,181	2,734,410	2,694,270	2,553,683
Net investment income	464,478	247,237	482,873	407,100	256,712
Net realized investment (losses) gains	(311,584)	(85,267)	5,230	(25,702)	(16,912)
Net losses and loss expenses	1,423,872	1,712,766	1,370,260	1,425,855	2,051,129
Acquisition costs	420,495	366,509	384,497	386,959	337,383
General and administrative expenses	370,157	335,758	303,831	268,396	212,842
Interest expense and financing costs	32,031	31,673	51,153	32,954	32,447
Preferred share dividends	36,875	36,875	36,775	37,295	4,379
Net income available to common shareholders	\$ 461,011	\$ 350,501	\$ 1,055,243	\$ 925,765	\$ 90,061
Per Common Share Data:					
Basic earnings per common share	\$ 3.36	\$ 2.50	\$ 7.15	\$ 6.18	\$ 0.63
Diluted earnings per common share	\$ 3.07	\$ 2.26	\$ 6.41	\$ 5.63	\$ 0.57
Cash dividends per common share	\$ 0.81	\$ 0.755	\$ 0.68	\$ 0.615	\$ 0.60
Basic weighted average common shares outstanding	137,279	140,322	147,524	149,745	143,226
Diluted weighted average common shares outstanding	150,371	155,320	164,515	164,394	157,524
Operating Ratios:⁽¹⁾					
Net loss and loss expense ratio	51.0%	63.7%	50.1%	52.9%	80.3%
Acquisition cost ratio	15.1%	13.6%	14.1%	14.4%	13.2%
General and administrative expense ratio	13.2%	12.5%	11.1%	10.0%	8.3%
Combined ratio	79.3%	89.8%	75.3%	77.3%	101.8%
Selected Balance Sheet Data:					
Investments	\$ 10,622,104	\$ 8,611,898	\$ 8,977,653	\$ 7,663,387	\$ 6,421,929
Cash and cash equivalents	864,054	1,820,673	1,332,921	1,989,287	1,280,990
Reinsurance recoverable balances	1,424,172	1,378,630	1,356,893	1,359,154	1,518,110
Total assets	15,306,524	14,282,834	14,675,309	13,665,287	11,925,976
Reserve for losses and loss expenses	6,564,133	6,244,783	5,587,311	5,015,113	4,743,338
Unearned premium	2,209,397	2,162,401	2,146,087	2,015,556	1,760,467
Senior notes	499,476				