

ARCH CAPITAL GROUP LTD.
Form 8-K
November 16, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

November 15, 2005

Date of Report (Date of earliest event reported)

Arch Capital Group Ltd.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other
jurisdiction of
incorporation or
organization)

0-26456
(Commission File Number)

N/A
(I.R.S. Employer
Identification No.)

Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(441) 278-9250

N/A

Edgar Filing: ARCH CAPITAL GROUP LTD. - Form 8-K

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

ITEM 1.01

Entry into a Material Definitive Agreement.

Marc Grandisson, President and Chief Executive Officer of Arch Reinsurance Ltd. (Bermuda), has been promoted to the position of Chairman and Chief Executive Officer of Arch Worldwide Reinsurance Group. Mr. Grandisson will succeed Dwight Evans. Mr. Evans, who joined Arch Capital Group Ltd. (the Company) in 2001 to build the Company's reinsurance group with Paul Ingrey, the Company's Chairman, Mr. Grandisson and John Rathgeber, President and Chief Executive Officer of Arch Reinsurance Company (U.S.), will be leaving the Company. Nicolas Papadopoulo, Chief Underwriting Officer of Arch Reinsurance Ltd. who also has been with the Company since 2001, has been promoted to the position of President and Chief Executive Officer of Arch Reinsurance Ltd. Please refer to Item 5.02 below for biographical information on Messrs. Grandisson and Papadopoulo.

Employment Agreements. In connection with his promotion, the Company and Mr. Grandisson entered into an employment agreement with a term extending through December 31, 2008 (subject to extension as provided in the agreement). The agreement provides for an annual base salary of \$625,000, and the target rate for the annual cash bonus is 100% of the annual base salary. Mr. Grandisson is eligible to receive annual cash bonuses and share-based awards at the discretion of our Board and is also entitled to participate in employee benefits programs such as major medical, life insurance and disability insurance, and other fringe benefits customarily provided to similarly situated senior executives residing in Bermuda, which includes housing expenses, payroll tax reimbursements and automobile allowance.

The employment agreement expressly includes certain non-competition and non-solicitation obligations for Mr. Grandisson and also provides for certain benefits to Mr. Grandisson upon termination of employment in certain circumstances (such as termination by the Company not for cause or by Mr. Grandisson for good reason), all as set forth in the employment agreement. The above description is qualified in its entirety by the terms and provisions of the employment agreement.

Arch Reinsurance Ltd. and Mr. Papadopoulo are finalizing an employment agreement to reflect his promotion. Under the arrangements, Mr. Papadopoulo will receive an annual base salary of \$500,000, and the target rate for his annual cash bonus will be 100% of the annual base salary.

Share-Based Awards. On November 15, 2005, the Company granted the following awards of options to purchase common shares of the Company and restricted common shares of the Company under its 2002 Long Term Incentive and Share Award Plan: (a) Marc Grandisson 80,000 stock options and 50,000 restricted common shares, each of which will cliff vest on December 31, 2008 (subject to the terms of the award agreements); and (b) Nicolas Papadopoulo 40,000 stock options and 25,000 restricted common shares, each of which will cliff vest on July 1, 2008 (subject to the terms of the award agreements).

The stock options have an exercise price of \$55.04 per share, and will expire on November 15, 2015 unless terminated earlier in accordance with the terms of the agreements. In addition, each award agreement expressly provides for the acceleration of the vesting of the applicable

Edgar Filing: ARCH CAPITAL GROUP LTD. - Form 8-K

Attached hereto as Exhibit 99.1 is a press release issued by the Company on November 16, 2005 announcing certain management changes in the Company's reinsurance group.

The information in Item 7.01 of this Form 8-K, including the information set forth in Exhibit 99.1, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 9.01

Exhibits.

EXHIBIT NO.

DESCRIPTION

99.1 Press Release dated November 16, 2005 announcing certain management changes in the Company's reinsurance group

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned.

ARCH CAPITAL GROUP LTD.

Date: November 16, 2005

By /s/ John D. Vollaro
Name: John D. Vollaro
Title: Executive Vice President,
 Chief Financial Officer and
 Treasurer

EXHIBIT INDEX

| EXHIBIT NO. | DESCRIPTION |
|--------------------|--|
| 99.1 | Press Release dated November 16, 2005 announcing certain management changes in the Company's reinsurance group |