RENAISSANCERE HOLDINGS LTD
Form 10-Q
May 02, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Quarterly Period Ended March 31, 2008

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File No. 001-14428

RENAISSANCERE HOLDINGS LTD.

(Exact name of registrant as specified in its charter)

Bermuda	**98-014-1974**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**Identification Number)**

Renaissance House, 8-20 East Broadway, Pembroke HM 19 Bermuda

(Address of principal executive offices)

(441) 295-4513

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x, Accelerated filer ¨, Non-accelerated filer ¨, Smaller reporting company ¨.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of outstanding shares of RenaissanceRe Holdings Ltd. s common shares, par value US $1.00 per share, as of April 24, 2008 was 64,508,046.

Total number of pages in this report: 46

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RenaissanceRe Holdings Ltd.

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Balance Sheets

(in thousands of United States Dollars)

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets		
Fixed maturity investments available for sale, at fair value		
(Amortized cost $3,742,328 and $3,863,902 at March 31, 2008 and December 31, 2007, respectively)	$ 3,816,518	$ 3,914,363
Short term investments, at fair value	1,565,589	1,821,549
Other investments, at fair value	858,621	807,864
Investments in other ventures, under equity method	99,466	90,572
Total investments	6,340,194	6,634,348
Cash and cash equivalents	335,409	330,226
Premiums receivable	499,384	475,075
Ceded reinsurance balances	122,631	107,916
Losses recoverable	151,555	183,275
Accrued investment income	36,337	39,084
Deferred acquisition costs	106,310	104,212
Receivable for investments sold	349,835	144,037
Other secured assets	107,784	90,488
Other assets	120,503	177,694
Total assets	$ 8,169,942	$ 8,286,355
Liabilities, Minority Interest and Shareholders Equity		
Liabilities		
Reserve for claims and claim expenses	$ 1,986,006	$ 2,028,496
Reserve for unearned premiums	673,991	563,336
Debt	450,999	451,951
Reinsurance balances payable	263,700	275,430
Payable for investments purchased	387,838	422,974
Other secured liabilities	106,420	88,920
Other liabilities	156,185	162,294
Total liabilities	4,025,139	3,993,401
Commitments and Contingencies		
Minority Interest - DaVinciRe	758,851	815,451
Shareholders Equity		
Preference shares	650,000	650,000
Common shares	64,927	68,920
Additional paid-in capital		107,867

Accumulated other comprehensive income	65,363	44,719
Retained earnings	2,605,662	2,605,997
Total shareholders equity	3,385,952	3,477,503
Total liabilities, minority interest and shareholders equity	$ 8,169,942	$ 8,286,355

The accompanying notes are an integral part of these consolidated financial statements.

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Operations

For the three months ended March 31, 2008 and 2007

(in thousands of United States Dollars, except per share amounts)

(Unaudited)

	Three months ended	
	March 31, 2008	**March 31, 2007**
Revenues		
Gross premiums written	$ 527,038	$ 632,729
Net premiums written	$ 403,116	$ 571,027
Increase in unearned premiums	(94,202)	(208,409)
Net premiums earned	308,914	362,618
Net investment income	52,503	108,015
Net foreign exchange gains	4,936	5,167
Equity in earnings of other ventures	6,250	10,701
Other income (loss)	8,012	(2,203)
Net realized (losses) gains on investments	(10,670)	4,085
Total revenues	369,945	488,383
Expenses		
Net claims and claim expenses incurred	82,156	145,992
Acquisition expenses	46,428	63,729
Operational expenses	30,113	28,524
Corporate expenses	8,703	7,004
Interest expense	6,804	11,979
Total expenses	174,204	257,228
Income before minority interests and taxes	195,741	231,155
Minority interest - DaVinciRe	(40,315)	(29,107)
Income before taxes	155,426	202,048
Income tax expense	(7,686)	(107)
Net income	147,740	201,941
Dividends on preference shares	(10,575)	(11,136)
Net income available to common shareholders	$ 137,165	$ 190,805
Net income available to common shareholders per Common Share - basic	$ 2.09	$ 2.68
Net income available to common shareholders per Common Share - diluted	$ 2.05	$ 2.63
Dividends per common share	$ 0.23	$ 0.22

The accompanying notes are an integral part of these consolidated financial statements.

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Changes in Shareholders Equity

For the three months ended March 31, 2008 and 2007

(in thousands of United States Dollars)

(Unaudited)

	Three months ended March 31, 2008	Three months ended March 31, 2007
Preference shares		
Balance - January 1	$ 650,000	$ 800,000
Repurchase of shares		(150,000)
Balance - March 31	650,000	650,000
Common shares		
Balance - January 1	68,920	72,140
Repurchase of shares	(4,267)	(196)
Exercise of options and issuance of restricted stock and awards	274	345
Balance - March 31	64,927	72,289
Additional paid-in capital		
Balance - January 1	107,867	284,123
Repurchase of shares	(112,930)	(9,604)
Exercise of options and issuance of restricted stock and awards	5,063	5,460
Balance - March 31		279,979
Accumulated other comprehensive income		
Balance - January 1	44,719	25,217
Net unrealized gains on securities, net of adjustment (see disclosure below)	20,644	2,203
Balance - March 31	65,363	27,420
Retained earnings		
Balance - January 1	2,605,997	2,099,017
Net income	147,740	201,941
Repurchase of shares	(122,359)	
Dividends on common shares	(15,141)	(15,950)
Dividends on preference shares	(10,575)	(11,136)
Balance - March 31	2,605,662	2,273,872
Total Shareholders Equity	$ 3,385,952	$ 3,303,560
Comprehensive income		

Net income	$	147,740	$	201,941
Other comprehensive income		20,644		2,203
Comprehensive income	$	168,384	$	204,144
Disclosure regarding net unrealized gains				
Net unrealized holding gains arising during the year	$	9,974	$	6,288
Net realized losses (gains) included in net income		10,670		(4,085)
Net unrealized gains on securities	$	20,644	$	2,203

The accompanying notes are an integral part of these consolidated financial statements.

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2008 and 2007

(in thousands of United States dollars)

(Unaudited)

	Three months ended March 31, 2008	Three months ended March 31, 2007
Cash flows provided by operating activities		
Net income	$ 147,740	$ 201,941
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization and depreciation	(3,377)	(2,812)
Net realized losses (gains) on investments	10,670	(4,085)
Equity in undistributed earnings of other ventures	10,902	(10,701)
Net unrealized losses (gains) included in investment income	25,307	(22,576)
Net unrealized losses (gains) included in other income (loss)	8,362	(1,975)
Minority interest in undistributed net income of DaVinciRe	40,315	29,107
Change in:		
Premiums receivable	(24,309)	(119,570)
Ceded reinsurance balances	(14,715)	17,951
Deferred acquisition costs	(2,098)	(17,364)
Reserve for claims and claim expenses, net	(10,770)	64,964
Reserve for unearned premiums	110,655	190,458
Reinsurance balances payable	(11,730)	(162,251)
Other	(10,110)	(12,457)
Net cash provided by operating activities	276,842	150,630
Cash flows provided by investing activities		
Proceeds from sales and maturities of investments available for sale	2,068,327	1,060,992
Purchases of investments available for sale	(2,193,543)	(1,092,502)
Net sales of short term investments	255,960	227,407
Net purchases of other investments	(69,522)	(5,171)
Net purchases of investments in other ventures	(19,350)	
Net sale of subsidiary	2,752	
Net cash provided by investing activities	44,624	190,726
Cash flows used in financing activities		
Dividends paid - common shares	(15,141)	(15,950)
Dividends paid - preference shares	(10,575)	(11,136)
RenaissanceRe common share repurchase	(233,164)	(4,968)
DaVinciRe share repurchase	(100,000)	
Third party DaVinciRe share repurchase	43,549	
Net repayment of debt	(952)	
Redemption of Series A preference shares		(150,000)

Redemption of capital securities		(103,093)
Net cash used in financing activities	(316,283)	(285,147)
Net increase in cash and cash equivalents	5,183	56,209
Cash and cash equivalents, beginning of period	330,226	214,399
Cash and cash equivalents, end of period	$ 335,409	$ 270,608

The accompanying notes are an integral part of these consolidated financial statements.

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RenaissanceRe Holdings Ltd. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(Expressed in U.S. Dollars) (Unaudited)

1. The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States (GAAP) for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. The preparation of unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The major estimates reflected in the Company s consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses, losses recoverable, including allowances for losses recoverable deemed uncollectible, estimates of written and earned premiums, the fair value of other investments and financial instruments and the Company s deferred tax asset valuation allowance. This report on Form 10-Q should be read in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2007. RenaissanceRe Holdings Ltd. and Subsidiaries include the following principal entities:

RenaissanceRe Holdings Ltd. (RenaissanceRe or the Company), was formed under the laws of Bermuda on June 7, 1993. Through its subsidiaries, the Company provides reinsurance and insurance to a broad range of customers.

Renaissance Reinsurance Ltd. (Renaissance Reinsurance) is the Company s principal subsidiary and provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.

The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, principally including Top Layer Reinsurance Ltd. (Top Layer Re) and Starbound Reinsurance II Ltd. (Starbound II), both recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. (DaVinci). Because the Company owns a minority equity interest in, but controls a majority of the outstanding voting power of, DaVinci s parent, DaVinciRe Holdings Ltd. (DaVinciRe), the results of DaVinci and DaVinciRe are consolidated in the Company s financial statements. Minority interest represents the interests of external parties with respect to the net income and shareholders equity of DaVinciRe. Renaissance Underwriting Managers Ltd. (RUM), a wholly owned subsidiary, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.

The Company s Individual Risk operations include direct insurance and quota share reinsurance written through the operating subsidiaries of Glencoe Group Holdings Ltd. (Glencoe Group). These operating subsidiaries principally include Stonington Insurance Company (Stonington), which writes business on an admitted basis, and Glencoe Insurance Ltd. (Glencoe) and Lantana Insurance Ltd. (Lantana), which write business on an excess and surplus lines basis, and also provide reinsurance coverage, principally through quota share contracts, which are analyzed on an individual risk basis.

Certain comparative information has been reclassified to conform to the current presentation. Because of the seasonality of the Company s business, the results of operations and cash flows for any interim period will not necessarily be indicative of the results of operations and cash flows for the full fiscal year or subsequent quarters.

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2. The Company purchases reinsurance and other protection to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses from reinsurers generally in excess of various retentions or on a proportional basis. The Company remains liable to the extent that any third-party reinsurer or other obligor fails to meet its obligations. The earned reinsurance premiums ceded were $107.5 million and $79.7 million for the three months ended March 31, 2008 and 2007, respectively. In addition to loss recoveries, certain of the Company s ceded reinsurance contracts provide for recoveries of additional premiums, reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to other reinsurance contracts. Total reinsurance recoveries netted against claims and claim expenses incurred for the three months ended March 31, 2008 were $0.1 million compared to $29.4 million for the three months ended March 31, 2007.

3. Basic earnings per common share is based on weighted average common shares and excludes any dilutive effects of stock options and restricted stock. Diluted income per common share assumes the exercise of all dilutive stock options and restricted stock grants. The following tables set forth the computation of basic and diluted income per common share for the three months ended March 31, 2008 and 2007:

Three months ended March 31, **(in thousands of U.S. dollars, except share and per share data)**	**2008**	**2007**
Numerator:		
Net income available to common shareholders	$ 137,165	$ 190,805
Denominator:		
Denominator for basic income per common share -		
Weighted average common shares	65,527,899	71,280,645
Per common share equivalents of employee stock options and restricted shares	1,275,139	1,232,917
Denominator for diluted income per common share -		
Adjusted weighted average common shares and assumed conversions	66,803,038	72,513,562
Basic income per common share	$ 2.09	$ 2.68
Diluted income per common share	$ 2.05	$ 2.63

4. The Board of Directors of RenaissanceRe declared, and RenaissanceRe paid, a dividend of $0.23 per share to shareholders of record on March 14, 2008.

The Board of Directors increased its authorized share repurchase program from $150.0 million to $500.0 million on August 15, 2007, of which $115.6 million remained available at April 24, 2008. The Company repurchased $239.6 million of shares during the three months ended March 31, 2008. Future repurchases of common shares will depend on, among other matters, the market price of the common shares and the capital requirements of RenaissanceRe. See Part II, Item 2 Unregistered Sales of Equity Securities and Use of Proceeds for additional information.

5. The Company conducts its business through two reportable segments, Reinsurance and Individual Risk. The Company s Reinsurance segment provides reinsurance through its property catastrophe reinsurance and specialty reinsurance business units and through joint ventures and other activities managed by its ventures unit. Only ventures business activities that appear in the Company s consolidated underwriting results, such as DaVinci and certain reinsurance transactions, are included in the Company s Reinsurance segment results.

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The Company s financial results relating to operating subsidiaries managed by the ventures unit include the financial results of Weather Predict Inc., Weather Predict Consulting Inc., RenRe Investment Managers Ltd. (RIM) and Renaissance Trading Ltd. (Renaissance Trading) and are included in the Other category of the Company s segment results. Also included in the Other category of the Company s segment results are its investments in other ventures, including Top Layer Re, Starbound II, Tower Hill Holdings Inc. (Tower Hill), ChannelRe Holdings Ltd. (ChannelRe) and Platinum Underwriters Holdings Ltd. (Platinum).

The Company s Individual Risk segment provides primary insurance and quota share reinsurance.

The Company does not manage its assets by segment; accordingly, net investment income and total assets are not allocated to the segments.

A summary of the significant components of the Company s revenues and expenses for the three months ended March 31, 2008 and 2007 is as follows:

Three months ended March 31, 2008 **(in thousands of U.S. dollars, except ratios)**	**Reinsurance**	**Individual Risk**	**Eliminations (1)**	**Other**	**Total**
Gross premiums written	$ 443,728	$ 80,821	$ 2,489	$	$ 527,038
Net premiums written	$ 342,920	$ 60,196			$ 403,116
Net premiums earned	$ 232,227	$ 76,687			$ 308,914
Net claims and claim expenses incurred	47,069	35,087			82,156
Acquisition expenses	18,515	27,913			46,428
Operational expenses	21,139	8,974			30,113
Underwriting income	$ 145,504	$ 4,713			150,217
Net investment income				52,503	52,503
Equity in earnings of other ventures				6,250	6,250
Other income				8,012	8,012
Interest and preference share dividends				(17,379)	(17,379)
Minority interest - DaVinciRe				(40,315)	(40,315)
Other items, net				(11,453)	(11,453)
Net realized losses on investments				(10,670)	(10,670)
Net income available to common shareholders				$ (13,052)	$ 137,165
Net claims and claim expenses incurred - current accident year	$ 70,576	$ 56,665			$ 127,241
Net claims and claim expenses incurred - prior accident years	(23,507)	(21,578)			(45,085)
Net claims and claim expenses incurred - total	$ 47,069	$ 35,087			$ 82,156
Net claims and claim expense ratio - current accident year	30.4%	73.9%			41.2%
Net claims and claim expense ratio - prior accident years	(10.1)%	(28.1)%			(14.6)%
Net claims and claim expense ratio - calendar year	20.3%	45.8%			26.6%
Underwriting expense ratio	17.0%	48.1%			24.8%
Combined ratio	37.3%	93.9%			51.4%

(1) Represents gross premiums ceded from the Individual Risk segment to the Reinsurance segment.

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Three months ended March 31, 2007 (in thousands of U.S. dollars, except ratios)	Reinsurance	Individual Risk	Eliminations (1)	Other	Total
Gross premiums written	$ 515,967	$ 123,316	$ (6,554)	$	$ 632,729
Net premiums written	$ 476,219	$ 94,808			$ 571,027
Net premiums earned	$ 254,779	$ 107,839			$ 362,618
Net claims and claim expenses incurred	92,127	53,865			145,992
Acquisition expenses	28,362	35,367			63,729
Operational expenses	18,191	10,333			28,524
Underwriting income	$ 116,099	$ 8,274			124,373
Net investment income				108,015	108,015
Equity in earnings of other ventures				10,701	10,701
Other loss				(2,203)	(2,203)
Interest and preference share dividends				(23,115)	(23,115)
Minority interest - DaVinciRe				(29,107)	(29,107)
Other items, net				(1,944)	(1,944)
Net realized gains on investments				4,085	4,085
Net income available to common shareholders				$ 66,432	$ 190,805
Net claims and claim expenses incurred - current accident year	$ 122,406	$ 70,659			$ 193,065
Net claims and claim expenses incurred - prior accident years	(30,279)	(16,794)			(47,073)
Net claims and claim expenses incurred - total	$ 92,127	$ 53,865			$ 145,992
Net claims and claim expense ratio - current accident year	48.0%	65.5%			53.2%
Net claims and claim expense ratio - prior accident years	(11.9)%	(15.6)%			(13.0)%
Net claims and claim expense ratio - calendar year	36.1%	49.9%			40.2%
Underwriting expense ratio	18.3%	42.4%			25.4%
Combined ratio	54.4%	92.3%			65.6%

(1) Represents gross premiums ceded from the Individual Risk segment to the Reinsurance segment.

6. *Fair Value Measurements*

In September 2006, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 157, *Fair Value Measurements* (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 clarifies that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets and the lowest priority being unobservable data. Further, FAS 157 requires tabular disclosures of the fair value measurements by level within the fair value hierarchy. The Company adopted FAS 157 effective January 1, 2008. The adoption of FAS 157 did not have a material impact on the Company s consolidated statements of operations or financial condition.

Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities that the Company has access to. The fair value is determined by multiplying the quoted price by the quantity held by the Company. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices. Level 3 inputs are based on unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management s best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

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There have been no material changes in the Company s valuation techniques since the adoption of FAS 157 effective January 1, 2008.

Below is a summary of the assets and liabilities that are measured at fair value on a recurring basis:

At March 31, 2008 (in thousands of U.S. dollars)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments available for sale	$ 3,816,518	$ 881,880	$ 2,929,638	$ 5,000
Short term investments	1,565,589		1,565,589	
Other investments	858,621		403,803	454,818
Other secured assets	107,784		107,784	
Other assets and liabilities (1)	13,120	(5,787)	27,446	(8,539)
	$ 6,361,632	$ 876,093	$ 5,034,260	$ 451,279

(1) Other assets of $7.1 million, $28.4 million and $9.0 million are included in Level 1, Level 2 and Level 3, respectively. Other liabilities of $12.9 million, $0.9 million and $17.5 million are included in Level 1, Level 2 and Level 3, respectively.

Below is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
Three months ended March 31, 2008 (in thousands of U.S. dollars)	Fixed maturity investments available for sale	Other investments (1)	Other assets and (liabilities) (2)	Total
Balance January 1	$ 5,000	$ 375,281	$ (9,950)	$ 370,331
Total unrealized gains (losses)				
Included in net investment income		(10,196)	668	(9,528)
Included in other income			6,788	6,788
Total realized gains (losses)				
Included in net investment income		5,475		5,475
Included in other income			6,016	6,016
Total foreign exchange gains		1,214		1,214
Net purchases, issuances, and settlements		83,044	(12,061)	70,983
Net transfers in and/or out of Level 3				
Balance March 31	$ 5,000	$ 454,818	$ (8,539)	$ 451,279

(1) Other investments primarily include investments in private equity partnerships and certain senior secured bank loan funds.
(2) Balance at March 31, 2008, includes $9.0 million of other assets and $17.5 million of other liabilities.

Interest and dividend income are included in net investment income and are excluded from the reconciliation in the above table.

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7. *The Fair Value Option for Financial Assets and Financial Liabilities*

In February 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159). FAS 159 permits an entity to choose, at specified election dates, to measure eligible financial instruments and certain other items at fair value that are not currently required to be measured at fair value. An entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. FAS 159 became effective for the Company on January 1, 2008. The adoption of FAS 159 did not have a material impact on the Company s consolidated statements of operations or financial condition.

Upon adoption of FAS 159, the Company elected the fair value option for certain assets and liabilities. These assets and liabilities were previously accounted for at fair value under applicable GAAP prior to the adoption of FAS 159, and as such, there were no material changes to the reported value of these assets and liabilities upon adoption. The Company has elected to use the guidance under FAS 159 for these assets and liabilities as FAS 159 represents the most current applicable of GAAP.

Below is a summary of the balances the Company has elected to fair value under FAS 159:

(in thousands of U.S. dollars)	**March 31, 2008**	**January 1, 2008**
Other investments	$ 858,621	$ 807,864
Other secured assets	$ 107,784	$ 90,488
Other assets and liabilities (1)	$ (2,197)	$ (6,402)

(1) Balance at March 31, 2008 includes $3.6 million of other assets and $5.8 million of other liabilities. Balance at December 31, 2007 includes $4.6 million of other assets and $11.0 million of other liabilities.

Included in net investment income for the three months ended March 31, 2008 is $25.3 million of net unrealized losses related to the changes in fair value of other investments. For the three months ended March 31, 2008, net unrealized gains (losses) related to the changes in the fair value of other secured assets and other assets and liabilities recorded in other income was $(0.3) million and $0.2 million, respectively.

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8. Recently Issued Accounting Pronouncements

Business Combinations and Noncontrolling Interest in Consolidated Financial Statements

On December 4, 2007, the FASB issued Statement No. 141(R), *Business Combinations* (FAS 141(R)) and Statement No. 160, *Noncontrolling Interest in Consolidated Financial Statements an amendment of ARB No. 51* (FAS 160). These new standards will significantly change the accounting for and reporting of business combination transactions and noncontrolling (minority) interests in consolidated financial statements. FAS 141(R) expands the scope of acquisition accounting to all transactions and circumstances under which control of a business is obtained. Under FAS 160, noncontrolling interests are classified as a component of consolidated shareholders equity and minority interest accounting no longer applies such that earnings attributable to noncontrolling interests are reported as part of consolidated earnings and not as a separate component of income or expense. FAS 141(R) and FAS 160 are required to be adopted simultaneously and are effective for the first annual reporting period beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is currently evaluating the potential impacts of the adoption of FAS 141(R) and FAS 160 on its consolidated statements of operations and financial condition when adopted.

9. In 2005, the Company received subpoenas from certain regulators, including the Securities and Exchange Commission (SEC), relating to industry-wide investigations into non-traditional, or loss mitigation, (re)insurance products as well as the Company s business practice review and its determination to restate its financial statements for the fiscal years ended December 31, 2003, 2002 and 2001. In March 2007, the Company and the SEC completed a settlement resolving the SEC s investigation, which was approved by the United States District Court for the Southern District of New York pursuant to a final judgment entered on March 20, 2007. Pursuant to the settlement, the Company consented, without admitting or denying any wrongdoing, to entry of a final judgment enjoining future violations of certain provisions of the federal securities laws, and paid disgorgement of $1 and a civil penalty of $15.0 million. In accordance with the terms of the settlement agreement, the Company retained an independent consultant to review certain of its internal controls, policies and procedures as well as the design and implementation of the review conducted by independent counsel reporting to the non-executive members of its Board of Directors and certain additional procedures performed by its auditors in connection with their audit of its financial statements for the fiscal year ended December 31, 2004. While the Company will strive to fully comply with the settlement agreement with the SEC,

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it is possible the Company will fail to do so, or that the enforcement staff of the SEC and/or the independent consultant may take issue with its cooperation despite its efforts. Any such failure to comply with the settlement agreement or any perception that the Company has failed to comply, could adversely affect the Company, perhaps materially so.

In September 2006, the SEC filed an enforcement action in the United States District Court for the Southern District of New York (the Court) against James N. Stanard, the Company s former Chairman and Chief Executive Officer, Martin J. Merritt, the Company s former controller, and Michael W. Cash, a former officer of the Company, charging Messrs. Stanard, Merritt and Cash with violations of federal securities laws, including securities fraud, and seeking permanent injunctive relief, disgorgement of ill-gotten gains, if any, plus prejudgment interest, civil money penalties, and orders barring each defendant from acting as an officer or director of any public company.

Messrs. Merritt and Cash have entered into settlement agreements with the SEC, which have been approved by the applicable courts. In the case of Mr. Merritt, the determination of civil penalties and disgorgement will be made at a later date.

As disclosed in publicly available court records, the civil litigation between the SEC and Mr. Stanard, to which the Company is not a party, is currently scheduled to go to trial in September 2008. This ongoing matter could give rise to additional costs, distractions, or impacts to the Company s reputation. It is possible that the ongoing investigation into its former officers could give rise to additional investigations or proceedings being commenced against the Company and/or its current or former senior executives in connection with these matters, which could be criminal or civil. While the Company intends to continue to cooperate with the ongoing investigations, the Company is unable to predict the ultimate outcome of these ongoing matters or the ultimate impact these investigations may have on its business, including as to its senior management team.

On January 11, 2008, the United States District Court for the Southern District of New York granted final approval of the settlement of the consolidated putative class actions which were originally filed against the Company and various former Company officers in 2005. The Company executed the Stipulation of Settlement in April 2007 and the settlement amount, $13.5 million, previously provided for in the Company s financial statements, was paid in the first quarter of 2008 (partially offset by insurance recoveries).

The Company s operating subsidiaries are subject to claims litigation involving disputed interpretations of policy coverages. Generally, the Company s primary insurance operations are subject to greater frequency and diversity of claims and claims-related litigation and, in some jurisdictions, may be subject to direct actions by allegedly injured persons or entities seeking damages from policyholders. These lawsuits, involving claims on policies issued by the Company s subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in its reserves for claims and claim expenses which are discussed in more detail below under Reserves for Claims and Claim Expenses. In addition to claims litigation, the Company and its subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on insurance policies. This category of business litigation may involve allegations of underwriting or claims-handling errors or misconduct, employment claims, regulatory activity or disputes arising from the Company s business ventures. Any such litigation or arbitration contains an element of uncertainty, and the Company believes the inherent uncertainty in such matters may have increased recently and will likely continue to increase. Currently, the Company believes that no individual, normal course litigation or arbitration to which the Company is presently a party is likely to have a material adverse effect on its financial condition, business or operations.

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Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our results of operations for the three months ended March 31, 2008 and 2007. The following also includes a discussion of our financial condition at March 31, 2008. This discussion and analysis should be read in conjunction with the attached unaudited consolidated financial statements and notes thereto and the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. This filing contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from the results described or implied by these forward-looking statements. We also direct readers to the Note on Forward-Looking Statements included in this filing.

OVERVIEW

RenaissanceRe, established in Bermuda in 1993 to write principally property catastrophe reinsurance, is today a leading global provider of reinsurance and insurance coverages and related services. Through our operating subsidiaries, we seek to obtain a portfolio of reinsurance, insurance and financial risks in each of our businesses that are significantly better than the market average and produce an attractive return on equity. We accomplish this by taking advantage of market dislocations, and leveraging our core capabilities of risk assessment and information management. Overall, our strategy focuses on superior risk selection, capital management, marketing and joint ventures. We provide value to our clients and joint venture partners in the form of financial security, innovative products, and responsive service. We are known as a leader in paying valid reinsurance claims promptly. We principally measure our financial success through long-term growth in tangible book value per common share plus accumulated dividends, which we believe is the most appropriate measure of our Company s performance, and believe we have delivered superior performance in respect of this measure in the past.

Since a substantial portion of the reinsurance and insurance we write provides protection from damages relating to natural and man-made catastrophes, our results depend to a large extent on the frequency and severity of such catastrophic events, and the coverages we offer to clients affected by these events. We are exposed to significant losses from these catastrophic events and other exposures that we cover. Accordingly, we expect a significant degree of volatility in our financial results and that our financial results may vary significantly from quarter-to-quarter or from year-to-year, based on the level of insured catastrophic losses occurring around the world.

Our revenues are principally derived from three sources: 1) net premiums earned from the reinsurance and insurance policies we sell; 2) net investment income and realized gains from the investment of our capital funds and the investment of the cash we receive on the policies which we sell; and 3) other income received from our joint ventures, advisory services, weather-trading activities and various other items.

Our expenses primarily consist of: 1) net claims and claim expenses incurred on the policies of reinsurance and insurance we sell; 2) acquisition costs which typically represent a percentage of the premiums we write; 3) operating expenses which primarily consist of personnel expenses, rent and other operating expenses; 4) corporate expenses which include certain executive, legal and consulting expenses, costs for research and development, and other miscellaneous costs associated with operating as a publicly traded company; 5) minority interest, which represents the interest of third parties with respect to the net income (loss) of DaVinciRe; and 6) interest and dividend costs related to our debt, preference shares and subordinated obligation to our capital trust. We are also subject to taxes in certain jurisdictions in which we operate; however, since the majority of our income is currently earned in Bermuda, a non-taxable jurisdiction, the tax impact to our operations has historically been minimal. We currently expect our growth outside of Bermuda to result in a higher effective tax rate over time.

The operating results, also known as the underwriting results, of an insurance or reinsurance company are discussed frequently by reference to its net claims and claim expense ratio, underwriting expense ratio, and combined ratio. The net claims and claim expense ratio is calculated by dividing net claims and claim expenses incurred by net premiums earned. The underwriting expense ratio is calculated by dividing underwriting expenses (acquisition expenses and operational expenses) by net premiums earned. The combined ratio is the sum of the net claims and claim expense ratio and the underwriting expense ratio. A combined ratio below 100% generally indicates profitable underwriting prior to the consideration of investment income. A combined ratio over 100% generally indicates unprofitable underwriting prior to the consideration of investment income. We also discuss our net claims and claim expense ratio on an accident year basis. This ratio is calculated by taking net claims and claim expenses, excluding development on net claims and claim expenses from events that took place in prior fiscal years, divided by net premiums earned.

We conduct our business through two reportable segments, Reinsurance and Individual Risk. Those segments are more fully described as follows:

Reinsurance

Our Reinsurance segment has three main units:

1) Property catastrophe reinsurance, written for our own account and for DaVinci, is our traditional core business. We believe we are one of the world s leading providers of this coverage, based on managed catastrophe gross premiums written. This coverage protects against large natural catastrophes, such as earthquakes, hurricanes and tsunamis, as well as claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, fires, wind storms, tornadoes, explosions and acts of terrorism. We offer this coverage to insurance companies and other reinsurers primarily on an excess of loss basis. This means that we begin paying when our customers claims from a catastrophe exceed a certain retained amount.

2) Specialty reinsurance, written for our own account and for DaVinci, covering certain targeted classes of business where we believe we have a sound basis for underwriting and pricing the risk that we assume. Our portfolio includes various classes of business, such as catastrophe exposed workers compensation, surety, terrorism, medical malpractice, casualty clash, catastrophe-exposed personal lines property, certain other casualty lines and other specialty lines of reinsurance that we collectively refer to as specialty reinsurance. We believe that we are seen as a market leader in certain of these classes of business, such as casualty clash, surety, catastrophe-exposed workers compensation and terrorism.

3) Through ventures, we pursue joint ventures and other strategic relationships. Our three principal business activities in this area are: 1) property catastrophe joint ventures which we manage, such as Top Layer Re, DaVinci and Starbound II; 2) strategic investments in other market participants, such as our investments in ChannelRe and Platinum, where, rather than assuming exclusive management responsibilities ourselves, we partner with other market participants; 3) weather-related trading activities; and 4) fee-based consulting services, research and development and loss and mitigation activities. Only business activities that appear in our consolidated underwriting results, such as DaVinci and certain reinsurance transactions, are included in our Reinsurance segment results; our share of the results of Top Layer Re, ChannelRe, Starbound II, Tower Hill, Platinum and our weather-related activities are included in the Other category of our segment results.

Individual Risk

We define our Individual Risk segment to include underwriting that involves understanding the characteristics of the original underlying insurance policy. Our principal contracts include insurance contracts and quota share reinsurance with respect to risks including: 1) commercial multi-line, which includes commercial property and liability coverage, such as general liability, automobile liability and physical damage, building and contents, professional liability and various specialty products; 2) multi-peril crop, which includes multiple peril crop insurance, crop hail, yield-based and revenue insurance plans and other named peril agriculture risk management products; 3) commercial property, which principally includes catastrophe-exposed commercial property products; and 4) personal lines property, which principally includes homeowners personal lines property coverage and catastrophe exposed personal lines property coverage.

Our Individual Risk business is primarily produced through three distribution channels: 1) program managers where we write primary insurance through specialized program managers, who produce business pursuant to agreed-upon underwriting guidelines and provide related back-office functions; 2) quota share reinsurance where we write quota share reinsurance with primary insurers who, similar to our program managers, provide most of the back-office and support functions; and 3) brokers where we write primary insurance produced through licensed intermediaries on a risk-by-risk basis.

Our Individual Risk business is written by the Glencoe Group through its principal operating subsidiaries Glencoe and Lantana, which write on an excess and surplus lines basis, and through Stonington and Stonington Lloyds, which write on an admitted basis. Since the inception of our Individual Risk business, we have substantially relied on third parties for services including the generation of premium, the issuance of policies and the processing of claims. We actively oversee our third-party partners through an operations review team at Glencoe Specialty Services, which conducts initial due diligence as well as ongoing monitoring. Currently, we are investing in initiatives to strengthen our operating platform, enhance our internal capabilities, and expand the resources we commit to our Individual Risk operations. See Recent Developments below.

New Business

In addition to the potential growth of our existing reinsurance and insurance businesses, from time to time we consider opportunistic diversification into new ventures, either through organic growth, the formation of new joint ventures, or the acquisition of or the investment in other companies or books of business of other companies. This potential diversification includes opportunities to write targeted, additional classes of risk-exposed business, both directly for our own account and through possible new joint venture opportunities. We also regularly evaluate opportunities to grow our business by utilizing our skills, capabilities, proprietary technology and relationships to expand into further risk-related coverages, services and products. Generally, we focus on underwriting or trading risks where reasonably sufficient data may be available, and where our analytical abilities may provide us a competitive advantage, in order for us to seek to model estimated probabilities of losses and returns in accordance with our approach in respect of our current portfolio of risks.

In evaluating potential new ventures, we seek an attractive return on equity, the ability to develop or capitalize on a competitive advantage, and opportunities which we believe will not detract from our core Reinsurance and Individual Risk operations. Accordingly, we regularly review strategic opportunities and periodically engage in discussions regarding possible transactions, although there can be no assurance that we will complete any such transactions or that any such transaction would contribute materially to our results of operations or financial condition. We believe that our ability to potentially attract investment and operational opportunities is supported by our strong reputation and financial resources, and by the capabilities and track record of our ventures unit.

Underwriting and Risk Management

We seek to develop and effectively utilize sophisticated computer models and other analytical tools to assess and manage the risks that we underwrite and attempt to optimize our portfolio of reinsurance and insurance contracts and other financial risks. These efforts are managed across our organization by a team of professionals led by our President and Chief Executive Officer.

With respect to our Reinsurance operations, since 1993 we have developed and continuously seek to improve our proprietary, computer-based pricing and exposure management system, Renaissance Exposure Management System (REMS©). We believe that REMS© is a more robust underwriting and risk management system than is currently commercially available elsewhere in the reinsurance industry and offers us a significant competitive advantage. REMS© was originally developed to analyze catastrophe risks, though we continuously seek ways to enhance the program in order to analyze other classes of risk.

In addition to using REMS©, within our Individual Risk operations we have developed a proprietary information management and analytical database, our Program Analysis Central Repository (PACeR), within which data related to substantially all our U.S. program business is maintained. With the use and

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development of PACeR, we are seeking to develop statistical and analytical techniques to evaluate our U.S. program lines of business. We provide our program manager partners with access to PACeR s capabilities, which we believe helps support superior underwriting decisions, thus creating value for them and for us. Our objective is to have PACeR create an advantage for our Individual Risk operations by assisting us in building and maintaining a well-priced portfolio of specialty insurance risks.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The Company s critical accounting estimates are discussed in Management s Discussion and Analysis of Financial Condition and Results of Operations found in our Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC on February 22, 2008.

SUMMARY OF RESULTS OF OPERATIONS

For the three months ended March 31, 2008 compared to the three months ended March 31, 2007

Summary Overview

Three months ended March 31, **(in thousands of U.S. dollars, except per share amounts and ratios)**	**2008**	**2007**	**Change**
Gross premiums written	$ 527,038	$ 632,729	$ (105,691)
Net premiums written	403,116	571,027	(167,911)
Net premiums earned	308,914	362,618	(53,704)
Net claims and claim expenses incurred	82,156	145,992	(63,836)
Underwriting income	150,217	124,373	25,844
Net investment income	52,503	108,015	(55,512)
Net realized (losses) gains on investments	(10,670)	4,085	(14,755)
Net income available to common shareholders	137,165	190,805	(53,640)
Net income available to common shareholders per Common Share - diluted	$ 2.05	$ 2.63	$ (0.58)
Net claims and claim expense ratio - current accident year	41.2%	53.2%	(12.0)%
Net claims and claim expense ratio - prior accident years	(14.6)%	(13.0)%	(1.6)%
Net claims and claim expense ratio - calendar year	26.6%	40.2%	(13.6)%
Underwriting expense ratio	24.8%	25.4%	(0.6)%
Combined ratio	51.4%	65.6%	(14.2)%

At March 31, 2008 and December 31, 2007	**March 31, 2008**	**December 31, 2007**	**Change**	**% Change**
Book value per common share	$ 42.14	$ 41.03	$ 1.11	2.7%
Accumulated dividends per common share	7.23	7.00	0.23	3.3%
Book value per common share plus accumulated dividends	$ 49.37	$ 48.03	$ 1.34	2.8%

Net income available to common shareholders was $137.2 million in the first quarter of 2008, compared to $190.8 million in the first quarter of 2007. Net income available to common shareholders per fully diluted

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common share was $2.05 for the first quarter of 2008, compared to $2.63 in the first quarter of 2007. The decrease in our net income was primarily due to a $55.5 million decrease in our net investment income and a $14.8 million decrease in net realized (losses) gains on investments, partially offset by a $25.8 million increase in underwriting income as discussed below.

Net investment income for the first quarter of 2008 was $52.5 million, compared to $108.0 million for the same quarter in 2007 as a result of lower total returns in our investment portfolio. Included in net investment income is income from our portfolio of other investments which includes hedge fund and private equity investments, senior secured bank loan funds, non-U.S. fixed income funds and catastrophe bonds. Net investment income from our other investments decreased $53.4 million and resulted in a loss of $16.4 million in the first quarter of 2008 compared with $37.0 million of net investment income in the first quarter of 2007. This includes a $1.9 million net investment loss from hedge funds and private equity investments in the first quarter of 2008 compared to $28.5 million of net investment income in the first quarter of 2007. In addition, net investment income includes a $14.4 million loss from other investments, primarily arising from our investments in senior secured bank loan funds and non-U.S. fixed income funds, compared to $8.6 million of income in the first quarter of 2007. The $14.8 million decrease in net realized (losses) gains was primarily due to the widening of corporate and securitized asset credit spreads in the first quarter of 2008 which resulted in $25.4 million of other than temporary impairment charges in our portfolio of fixed maturity investments available for sale compared to other than temporary impairment charges of $1.5 million in the first quarter of 2007.

The increase in underwriting income was primarily due to a reduction in net claims and claim expenses driven by a relatively low level of insured catastrophes in the first quarter of 2008, compared to the first quarter of 2007, as discussed in the Underwriting Results section below.

Book value per common share increased $1.11 to $42.14 at March 31, 2008, compared to $41.03 at December 31, 2007. Book value per common share plus accumulated dividends increased $1.34 to $49.37 at March 31, 2008, compared to $48.03 at December 31, 2007. The growth in book value per common share was driven by our net income available to common shareholders of $137.2 million and a $20.6 million increase in accumulated other comprehensive income, less $15.1 million of common dividends. Book value per share was also impacted by our repurchase of 4.3 million common shares in the first quarter of 2008 for a total cost of $239.6 million.

Underwriting Results

In the first quarter of 2008, we generated $150.2 million of underwriting income, compared to $124.4 million in the first quarter of 2007. The increase in underwriting income was driven primarily by a $63.8 decrease in net claims and claim expenses combined with a $17.3 million decrease in acquisition expenses, offset by $53.7 million of lower net premiums earned. We generated a combined ratio of 51.4%, a net claims and claim expense ratio of 26.6% and an underwriting expense ratio of 24.8%, in the first quarter of 2008, compared to a combined ratio, net claims and claim expense ratio and underwriting expense ratio of 65.6%, 40.2% and 25.4%, respectively, in the first quarter of 2007.

Gross premiums written decreased $105.7 million to $527.0 million in the first quarter of 2008, compared to $632.7 million in the first quarter of 2007. The decrease in gross premiums written was due to several factors including our determination to reduce writings of certain lines and accounts as a result of the overall less favorable pricing and terms for the first quarter of 2008 renewals, compared to the first quarter of 2007, for both our Reinsurance and Individual Risk segments. The less favorable pricing was principally driven by a continued softening market following the relatively low level of insured catastrophe losses occurring during 2007 and 2006. As discussed in more detail below, the decrease was also driven by the prior termination of a program and a quota share relationship within our Individual Risk segment. The premium from these relationships was included in our gross premiums written for the first quarter of 2007, but not the first quarter of 2008. Gross premiums written in our Reinsurance segment decreased $72.2 million, or 14.0%: property catastrophe gross premiums written decreased $34.8 million, or 8.7%; specialty reinsurance gross premiums written decreased $37.4 million, or 32.0%; and gross premiums written in our Individual Risk segment decreased $42.5 million, or 34.5%.

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Net premiums written decreased $167.9 million in the first quarter of 2008 to $403.1 million from $571.0 million in the first quarter of 2007. The decrease in net premiums written was primarily due to the decrease in gross premiums written noted above and a $62.2 million increase in ceded premiums written in the first quarter of 2008 compared to the first quarter of 2007. Net premiums earned decreased $53.7 million to $308.9 million in the first quarter of 2008, compared to $362.6 million in the first quarter of 2007 due to the Company s 2007 decrease in net premiums written compared to 2006, which continue to be earned into 2008, as well as the decline in net written premiums in the first quarter of 2008, compared to the first quarter of 2007.

Net claims and claim expenses decreased by $63.8 million to $82.2 million in the first quarter of 2008 compared to $146.0 million in the same quarter of 2007 primarily due to lower current accident year losses compared to the first quarter of 2007. The first quarter of 2007 included $78.1 million of net claims and claim expenses related to European windstorm Kyrill (Kyrill). There were relatively few insured catastrophes in the first quarter of 2008 compared to the first quarter of 2007 and as a result our net claims and claim expenses decreased. We experienced $45.1 million of favorable development on prior year reserves in the first quarter of 2008, compared to $47.1 million of favorable development in the first quarter of 2007, primarily due to reported claims and claim expenses on prior year reserves coming in less than expected in our specialty reinsurance business unit and Individual Risk segment. In addition, our prior year reserves were favorably impacted in the first quarter of 2008 by the close of the 2007 crop year for our multi-peril crop business within our Individual Risk segment.

Underwriting Results by Segment

Reinsurance Segment

Below is a summary of the underwriting results and ratios for our Reinsurance segment followed by an analysis of our property catastrophe reinsurance unit and specialty reinsurance unit underwriting results and ratios for the three months ended March 31, 2008 and 2007:

Reinsurance segment overview

Three months ended March 31, **(in thousands of U.S. dollars, except ratios)**	**2008**	**2007**	**Change**
Gross premiums written (1)	$ 443,728	$ 515,967	$ (72,239)
Net premiums written	$ 342,920	$ 476,219	$ (133,299)
Net premiums earned	232,227	254,779	(22,552)
Net claims and claim expenses incurred	47,069	92,127	(45,058)
Acquisition expenses	18,515	28,362	(9,847)
Operational expenses	21,139	18,191	2,948
Underwriting income	$ 145,504	$ 116,099	$ 29,405
Net claims and claim expenses incurred - current accident year	$ 70,576	$ 122,406	$ (51,830)
Net claims and claim expenses incurred - prior accident years	(23,507)	(30,279)	6,772
Net claims and claim expenses incurred - total	$ 47,069	$ 92,127	$ (45,058)
Net claims and claim expense ratio - current accident year	30.4%	48.0%	(17.6)%
Net claims and claim expense ratio - prior accident years	(10.1)%	(11.9)%	1.8%
Net claims and claim expense ratio - calendar year	20.3%	36.1%	(15.8)%
Underwriting expense ratio	17.0%	18.3%	(1.3)%
Combined ratio	37.3%	54.4%	(17.1)%