

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 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 , 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

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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Table of Contents**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

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

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

Table of Contents**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.

Table of Contents**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	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

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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.

Table of Contents**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	March 31, 2007
<i>Cash flows provided by operating activities</i>		
Net income	\$ 147,740	\$ 201,941
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
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)
<i>Net cash provided by operating activities</i>	276,842	150,630
<i>Cash flows provided by investing activities</i>		
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)	