Sandberg Rebecca B
Form 4
February 12, 2013

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Sandberg Rebecca B

(Last) (First) (Middle)

601 CARLSON PARKWAY, SUITE 1400

(Street)

MINNETONKA, MN 55305

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Two Harbors Investment Corp. [TWO]

3. Date of Earliest Transaction (Month/Day/Year)
02/11/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Secretary/Deputy Gen. Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common stock, par value $0.01 per share	02/11/2013		P		200	A	$ 12.345	542 (1)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Sandberg Rebecca B 601 CARLSON PARKWAY SUITE 1400 MINNETONKA, MN 55305			Secretary/Deputy Gen. Counsel	

Signatures

Rebecca B. Sandberg	02/12/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Includes shares acquired pursuant to a dividend reinvestment plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. t-size:10pt;"> $341.9 million, or 68.6%, to $840.6 million, compared to $498.7 million in the first nine months of 2015, principally driven by select organic growth, primarily related to mortgage reinsurance opportunities reflected in our credit line of business. In addition, our Specialty Reinsurance segment casualty line of business was impacted in the first nine months of 2016 by business acquired in connection with our acquisition of Platinum, for the period from January 1, 2016 through September 30, 2016, compared to the first nine months of 2015, which included gross premiums written from Platinum for the period from March 2, 2015 (the date of acquisition) through September 30, 2015. Our specialty reinsurance premiums are prone to significant volatility as this business can be influenced by a small number of relatively large transactions.
Our Specialty Reinsurance segment gross premiums written in force at September 30, 2016 reflected a relatively larger proportion of quota share, or proportional, reinsurance compared to excess of loss reinsurance than in many of

our comparative periods. Our relative mix of business between quota share, or proportional business, and excess of loss business has fluctuated in the past and will likely vary in the future. Quota share business typically has relatively higher premiums per unit of expected underwriting income, together with a higher combined ratio, than traditional excess of loss reinsurance. In addition, quota share coverage tends to be exposed to relatively more attritional, and frequent, losses while subject to less expected severity. Moreover, market conditions for our Specialty Reinsurance segment have been impacted by a trend towards increased ceding commissions on our assumed quota share reinsurance.

Specialty Reinsurance Ceded Premiums Written – Ceded premiums written in our Specialty Reinsurance segment increased $171.8 million to $270.8 million in the first nine months of 2016, compared to $98.9 million in the first nine months of 2015, primarily reflecting an increase in the purchase of retrocessional reinsurance given prevailing market conditions.

69

Specialty Reinsurance Underwriting Results – Our Specialty Reinsurance segment generated underwriting income of $16.6 million in the first nine months of 2016, compared to underwriting income of $81.1 million in the first nine months of 2015. In the first nine months of 2016, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 54.5%, an underwriting expense ratio of 41.7% and a combined ratio of 96.2%, compared to 42.0%, 37.6% and 79.6%, respectively, in the first nine months of 2015.

Our Specialty Reinsurance segment's combined ratio was impacted by a 4.1 percentage point increase in the underwriting expense ratio in the first nine months of 2016, compared to the first nine months of 2015. Operational expenses in our Specialty Reinsurance segment have increased to support the growth in this segment and we have incurred higher acquisition expenses associated with the growth in our casualty and credit line of business. Our Specialty Reinsurance segment net claims and claim expense ratio increased 12.5 percentage points in the first nine months of 2016, compared to the first nine months of 2015, principally driven by a decrease in favorable development on prior accident years net claims and claim expenses of $49.8 million. The favorable development on prior accident years net claims and claim expenses of $33.9 million in the first nine months of 2016 was principally driven by actual reported losses coming in better than expected and $6.1 million of favorable development associated with actuarial assumption changes.

Lloyd's Segment

Below is a summary of the underwriting results and ratios for our Lloyd's segment:

Nine months ended September 30,	2016	2015	Change
(in thousands, except percentages)			
Gross premiums written	$385,616	$320,326	$65,290
Net premiums written	$264,015	$231,540	$32,475
Net premiums earned	$208,614	$176,279	$32,335
Net claims and claim expenses incurred	100,185	93,951	6,234
Acquisition expenses	53,896	42,557	11,339
Operational expenses	35,302	39,086	(3,784)
Underwriting income	$19,231	$685	$18,546
Net claims and claim expenses incurred – current accident year	$105,583	$93,778	$11,805
Net claims and claim expenses incurred – prior accident years	(5,398)	173	(5,571)
Net claims and claim expenses incurred – total	$100,185	$93,951	$6,234
Net claims and claim expense ratio – current accident year	50.6 %	53.2 %	(2.6)%
Net claims and claim expense ratio – prior accident years	(2.6)%	0.1 %	(2.7)%
Net claims and claim expense ratio – calendar year	48.0 %	53.3 %	(5.3)%
Underwriting expense ratio	42.8 %	46.3 %	(3.5)%
Combined ratio	90.8 %	99.6 %	(8.8)%

Lloyd's Gross Premiums Written – Gross premiums written in our Lloyd's segment increased $65.3 million, or 20.4%, to $385.6 million in the first nine months of 2016, compared to $320.3 million in the first nine months of 2015, primarily due to Syndicate 1458 continuing to grow organically in the Lloyd's marketplace, notwithstanding challenging overall market conditions.

Lloyd's Ceded Premiums Written – Ceded premiums written in our Lloyd's segment increased $32.8 million to $121.6 million in the first nine months of 2016, compared to $88.8 million in the first nine months of 2015, primarily reflecting purchases of retrocessional reinsurance for the casualty and property lines of business.

Lloyd’s Underwriting Results – Our Lloyd’s segment generated underwriting income of $19.2 million and a combined ratio of 90.8% in the first nine months of 2016, compared to generating underwriting income of $0.7 million and a combined ratio of 99.6%, respectively, in the first nine months of 2015. Impacting the combined ratio in the Lloyd’s segment during the first nine months of 2016, compared to the first nine months of 2015, was a 3.5 percentage point decrease in the underwriting expense ratio driven by the increase in net premiums earned and a 5.3 percentage point decrease in the net claims and claim expense ratio. Included in current accident year net claims and claim expenses was $5.4 million associated with the 2016 Texas Events and the Fort McMurray Wildfire, which increased the Lloyd’s segment combined ratio by 2.7 percentage points.

The favorable development of prior accident years net claims and claim expenses within our Lloyd’s segment of $5.4 million during the first nine months of 2016, compared to adverse development of $0.2 million during the first nine months of 2015, was principally driven by actual reported loss activity coming in lower than expected.

Net Investment Income

Nine months ended September 30,	2016	2015	Change
(in thousands)			
Fixed maturity investments	$122,056	$96,753	$25,303
Short term investments	3,401	761	2,640
Equity investments trading	3,325	6,308	(2,983)
Other investments			
Private equity investments	(430)	1,333	(1,763)
Other	17,109	11,443	5,666
Cash and cash equivalents	584	355	229
	146,045	116,953	29,092
Investment expenses	(11,635)	(10,304)	(1,331)
Net investment income	$134,410	$106,649	$27,761

Net investment income was $134.4 million in the first nine months of 2016, compared to $106.6 million in the first nine months of 2015, an increase of $27.8 million. Impacting our net investment income for the first nine months of 2016 was higher net investment income in our portfolio of fixed maturity investments primarily driven by higher average invested assets and improved returns in our portfolio of other investments principally driven by our catastrophe bond portfolio.

Low interest rates in recent years have lowered the yields at which we invest our assets relative to historical levels, and combined with the current composition of our investment portfolio and other factors, we expect these developments to constrain investment income growth for the near term. Our private equity and other investment portfolios are accounted for at fair value with the change in fair value recorded in net investment income, which included net unrealized losses of $17.6 million in the first nine months of 2016, compared to net unrealized losses of $10.7 million in the first nine months of 2015.

Net Realized and Unrealized Gains (Losses) on Investments

Nine months ended September 30,	2016	2015	Change
(in thousands)			
Gross realized gains	$60,794	$39,364	$21,430
Gross realized losses	(25,832)	(40,143)	14,311
Net realized gains (losses) on fixed maturity investments	34,962	(779)	35,741
Net unrealized gains (losses) on fixed maturity investments trading	125,501	(11,924)	137,425
Net realized and unrealized losses on investments-related derivatives	(26,873)	(1,004)	(25,869)
Net realized gains on equity investments trading	14,038	16,199	(2,161)
Net unrealized gains (losses) on equity investments trading	43,667	(28,593)	72,260
Net realized and unrealized gains (losses) on investments	$191,295	$(26,101)	$217,396

Our investment portfolio strategy is to seek to preserve capital and provide us with a high level of liquidity. A large majority of our investments are invested in the fixed income markets and, therefore, our realized and unrealized holding gains and losses on investments are highly correlated to fluctuations in interest rates. Therefore, as interest rates decline, we will tend to have realized and unrealized gains from our investment portfolio, and as interest rates rise, we will tend to have realized and unrealized losses from our investment portfolio.

Net realized and unrealized gains on investments were $191.3 million in the first nine months of 2016, compared to net realized and unrealized losses on investments of $26.1 million in the first nine months of 2015, an increase of $217.4 million. Impacting our net realized and unrealized gains on investments was:

- net realized and unrealized gains on our fixed maturity investments trading of $160.5 million in the first nine months of 2016, compared to losses of $12.7 million in the first nine months of 2015, which was positively impacted by a decrease in U.S. treasury yields and a flattening of the yield curve during the first nine months of 2016, partially offset by a corresponding increase of $25.9 million in net realized and unrealized losses on certain investments-related derivatives to a loss of $26.9 million; and
- net realized and unrealized gains on equity investments trading of $57.7 million in the first nine months of 2016, compared to net realized and unrealized losses of $12.4 million in the first nine months of 2015, an improvement of $70.1 million, principally driven by the strong performance of a number of our equity positions in the first nine months of 2016.

Equity in (Losses) Earnings of Other Ventures

Nine months ended September 30,	2016	2015	Change
(in thousands)			
Top Layer Re	$(10,283)	$6,528	$(16,811)
Tower Hill Companies	7,519	11,440	(3,921)
Other	(1,233)	(783)	(450)
Total equity in (losses) earnings of other ventures	$(3,997)	$17,185	$(21,182)

Equity in earnings of other ventures primarily represents our pro-rata share of the net income from our investments in the Tower Hill Companies and Top Layer Re, and, except for Top Layer Re, is recorded one quarter in arrears. Equity in losses of other ventures was a loss of $4.0 million in the first nine months of 2016, compared to earnings of a gain of $17.2 million in the first nine months of 2015, with the decrease driven by Top Layer Re, combined with lower profitability in the Tower Hill Companies. Equity in losses of other ventures during the first nine months of 2016 was primarily impacted by a $10.3 million loss related to the Company's 50% ownership in Top Layer Re. During the third quarter of 2016, Top Layer Re reduced its estimated ultimate claim and claim expenses and related reinsurance recoverable associated with the 2011 Tohoku Earthquake to $Nil as a result of favorable loss emergence, resulting in an increase in underwriting income for Top Layer Re for the third quarter of 2016. However, the increase in underwriting income was more than offset by the reversal of an unrealized foreign exchange gain related to the reserve for claims and claim expenses, which were denominated in Japanese Yen. While Top Layer Re had fully hedged its net economic exposure to Japanese Yen associated with this loss since inception, because the hedged net liability went to $Nil, Top Layer Re recorded an unrealized foreign exchange loss for the quarter. If the reserve for net claims and claim expenses had been paid in full, rather than being reduced to $Nil, there would have been no financial statement impact to Top Layer Re.

The carrying value of these investments on our consolidated balance sheets, individually or in the aggregate, may differ from the realized value we may ultimately attain, perhaps significantly so.

Other Income

Nine months ended September 30,	2016	2015	Change
(in thousands)			
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	$9,526	$4,228	$5,298
Other items	(525)	1,044	(1,569)
Total other income	$9,001	$5,272	$3,729

In the first nine months of 2016, we generated other income of $9.0 million, compared to $5.3 million in the first nine months of 2015, with the increase driven by our assumed and ceded reinsurance contracts accounted for as derivatives and deposits.

Corporate Expenses

Nine months ended September 30,	2016	2015	Change
(in thousands)			
Total corporate expenses	$25,514	$65,723	$(40,209)

Corporate expenses include certain executive, director, legal and consulting expenses, costs for research and development, impairment charges related to goodwill and other intangible assets, and other miscellaneous costs, including those associated with operating as a publicly traded company. Corporate expenses decreased $40.2 million to $25.5 million in the first nine months of 2016, compared to $65.7 million in the first nine months of 2015, primarily reflecting a decrease to $2.0 million of corporate expenses associated with the acquisition and integration of Platinum incurred during the first nine months of 2016, compared to $51.9 million in the first nine months of 2015, partially offset by expenses associated with an executive retirement during the third quarter of 2016.

73

Income Tax (Expense) Benefit

Nine months ended September 30,	2016	2015	Change
(in thousands)			
Income tax (expense) benefit	$(8,040)	$54,319	$(62,359)

We recognized an income tax expense of $8.0 million in the first nine months of 2016, compared to a $54.3 million income tax benefit in the first nine months of 2015, representing a change in income tax expense of $62.4 million, primarily due to a decrease in our U.S.-based deferred tax asset valuation allowance from $48.5 million to $1.0 million in the first nine months of 2015, as a result of expected profits in our U.S.-based operations due principally to the acquisition of Platinum. For the first nine months of 2016 we have generated taxable income in our U.S.-domiciled operations and have therefore incurred an income tax expense.

Net Income Attributable to Redeemable Noncontrolling Interests

Nine months ended September 30,	2016	2015	Change
(in thousands)			
Net income attributable to redeemable noncontrolling interests	$(110,867)	$(82,982)	$(27,885)

Our net income attributable to redeemable noncontrolling interests was $110.9 million in the first nine months of 2016, compared to $83.0 million in the first nine months of 2015. The $27.9 million increase in net income attributable to redeemable noncontrolling interests was principally due to an increase in the profitability of DaVinciRe and a decrease in our ownership of DaVinciRe to 24.0% at September 30, 2016, compared to 26.3% at September 30, 2015. We expect our ownership in DaVinciRe to fluctuate over time.

74

LIQUIDITY AND CAPITAL RESOURCES
Financial Condition
RenaissanceRe is a holding company, and we therefore rely on dividends from our subsidiaries and investment income to make principal and interest payments on our debt and to make dividend payments to our preference and common shareholders. The payment of dividends by our subsidiaries is, under certain circumstances, limited by the applicable laws and regulations in the various jurisdictions in which our subsidiaries operate, including among others, Bermuda, the U.S., the U.K. and Ireland. For example, insurance laws require our insurance subsidiaries to maintain certain measures of solvency and liquidity. The regulations governing the ability of us and our principal operating subsidiaries to pay dividends are discussed in detail in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Financial Condition" of our Form 10-K for the year ended December 31, 2015. During the nine months ended September 30, 2016, RenaissanceRe's principal operating subsidiaries returned capital, which included dividends declared and return of capital, net of capital contributions received, of $245.3 million (2015 - $975.8 million).
In the aggregate, our operating subsidiaries have historically produced sufficient cash flows to meet their expected claims payments and operational expenses and to provide dividend payments to us. Our subsidiaries also maintain a concentration of investments in high quality liquid securities, which management believes will provide additional liquidity for extraordinary claims payments should the need arise. See "Capital Resources" section below.
Group Supervision
The Bermuda Monetary Authority ("BMA") is our group supervisor. Under the Insurance Act 1978, amendments thereto and related regulations of Bermuda (collectively, the "Insurance Act"), we are required to maintain capital at a level equal to our enhanced capital requirement ("ECR"), which is established by reference to the Bermuda Solvency Capital Requirement (the "BSCR") model. The BSCR is a mathematical model designed to give the BMA robust methods for determining an insurer's capital adequacy. Underlying the BSCR is the belief that all insurers should operate on an ongoing basis with a view to maintaining their capital at a prudent level in excess of the minimum solvency margin otherwise prescribed under the Insurance Act. We are also subject to an early-warning level based on 120% of the ECR, which the BMA considers to be the target capital level, which may trigger additional reporting requirements or other enhanced oversight. As of September 30, 2016, our ECR ratio, calculated using the group standardized risk-based capital model of the BMA, was in excess of the target capital level. Our 2015 group BSCR exceeded the target level of required statutory capital.
Bermuda Subsidiaries
Bermuda regulations require approval from the BMA for any reduction of capital in excess of 15% of statutory capital, as defined in the Insurance Act. The Insurance Act also requires the Bermuda insurance subsidiaries of RenaissanceRe to maintain certain measures of solvency and liquidity. At September 30, 2016, the statutory capital and surplus of our Bermuda insurance subsidiaries exceeded the minimum amount required to be maintained under Bermuda law.
Under the Insurance Act, RenaissanceRe Specialty U.S. is defined as a Class 3B insurer, and Renaissance Reinsurance and DaVinci are classified as Class 4 insurers, and must each maintain capital at a level equal to an ECR which is established by reference to the BSCR model. The 2015 BSCR for each of Renaissance Reinsurance, RenaissanceRe Specialty U.S. and DaVinci exceeded its respective target level of required capital.
In addition, audited annual financial statements prepared in accordance with GAAP for each of Renaissance Reinsurance, RenaissanceRe Specialty U.S. and DaVinci are filed prior to April 30 of each year with the BMA and are available free of charge on the BMA's website.
U.K. Subsidiaries
Underwriting capacity, or stamp capacity, of a member of Lloyd's must be supported by providing a deposit in the form of cash, securities or letters of credit, which are referred to as Funds at Lloyd's ("FAL"). This

amount is determined by Lloyd's and is based on Syndicate 1458's solvency and capital requirement as calculated through its internal model. In addition, if the FAL are not sufficient to cover all losses, the Lloyd's Central Fund provides an additional level of security for policyholders. At September 30, 2016, the stamp capacity approved by Lloyd's for Syndicate 1458 was £293.3 million based on its business plan originally approved in November 2015 (December 31, 2015 - £293.3 million based on its business plan originally approved in November 2015). At September 30, 2016, the FAL required to support the underwriting activities at Lloyd's through Syndicate 1458 was £340.5 million (December 31, 2015 - £308.9 million). Actual FAL posted for Syndicate 1458 at September 30, 2016 by RenaissanceRe CCL is $380.0 million and £90.0 million supported 100% by letters of credit (December 31, 2015 - $360.0 million and £85.0 million).

U.S. Subsidiaries

Renaissance Reinsurance U.S. is domiciled in Maryland, which has adopted the NAIC's model law which uses a risk-based capital ("RBC") model to monitor and regulate the solvency of licensed life, health, and property and casualty insurance and reinsurance companies. The RBC calculation is used to measure an insurer's capital adequacy with respect to: the risk characteristics of the insurer's premiums written and net claims and claim expenses, rate of growth and quality of assets, among other measures. At September 30, 2016, the statutory capital and surplus of Renaissance Reinsurance U.S. exceeded the minimum capital adequacy level required to be maintained under U.S. law.

Renaissance Reinsurance U.S. is subject to certain restrictions on its ability to pay dividends pursuant to Maryland law, including making appropriate filings with and obtaining certain approvals from its regulator. During 2016, Renaissance Reinsurance U.S. has an ordinary dividend capacity of $26.0 million (2015 - $27.2 million).

Top Layer Re

Renaissance Reinsurance is obligated to make a mandatory capital contribution of up to $50.0 million in the event that a loss reduces Top Layer Re's capital below a specified level.

Cash Flows and Liquidity

Holding Company Liquidity

As a Bermuda-domiciled holding company, RenaissanceRe has limited operations of its own and its assets consist primarily of investments in subsidiaries, and, to a degree, cash and securities in amounts which fluctuate over time. Accordingly, RenaissanceRe's future cash flows largely depend on the availability of dividends or other statutorily permissible payments from its subsidiaries. As discussed above, the ability to pay such dividends is limited by the applicable laws and regulations in the various jurisdictions in which our subsidiaries operate.

RenaissanceRe's principal uses of liquidity are: (1) common share related transactions including dividend payments to holders of its common shareholders as well as common share repurchases from time to time; (2) preference share related transactions including dividend payments to its preference shareholders as well as preference share redemptions from time to time; (3) interest and principal payments on debt; (4) capital investments in its subsidiaries; (5) acquisition of new or existing companies or businesses, such as our acquisition of Platinum; and (6) certain corporate and operating expenses.

We attempt to structure our organization such that it facilitates efficient capital movements between RenaissanceRe and its operating subsidiaries and to ensure that adequate liquidity is available when required, giving consideration to applicable laws and regulations, and the domiciliary location of sources of liquidity and related obligations.

Sources of Liquidity

Historically, cash receipts from operations, consisting of premiums and investment income, generally have provided sufficient funds to pay losses as well as operating expenses of our subsidiaries and to fund dividends to RenaissanceRe. The premiums received by our operating subsidiaries are generally received months or even years before losses are paid under the policies related to such premiums. Premiums and acquisition expenses are settled based on terms of trade as stipulated by an underwriting contract, and generally are received within the first two years of inception of a contract when the premium is written. Operating expenses are generally paid within a year of being incurred. Claims and claims expenses generally take a much longer time before they are reported and ultimately settled, requiring the establishment of reserves for claims and claim expenses. Therefore, the amount of claims paid in any one year is not necessarily related to the amount of net claims incurred in that year, as reported in the consolidated statement of operations.

As a result of the combination of current market conditions, lower investment yields, and the nature of our business where a large portion of the coverages we provide can produce losses of high severity and low frequency, it is not possible to accurately predict our future cash flows from operating activities. As a consequence, cash flows from operating activities may fluctuate, perhaps significantly, between individual quarters and years. Due to the magnitude and complexity of certain large loss events, meaningful uncertainty remains regarding losses from these events and our actual ultimate net losses from these events may vary from preliminary estimates, perhaps materially. As a result, our cash flows from operations would be impacted accordingly.

We maintain a "shelf" registration statement on Form S-3 under the Securities Act, allowing for the public offering of various types of securities, including, but not limited to, common shares, preferred shares and debt securities. Because we are "well-known seasoned issuer" as defined by the rules promulgated under the Securities Act, we are also eligible to file additional automatically effective registration statements on Form S-3 in the future for the potential offering and sale of an unlimited amount of debt and equity securities.

In addition, we maintain letter of credit facilities which provide liquidity. Refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Capital Resources" in our Form 10-K for the year ended December 31, 2015 for details of these facilities.

Cash Flows

Nine months ended September 30,	2016	2015
(in thousands)		
Net cash provided by operating activities	$370,003	$162,147
Net cash provided by (used in) investing activities	25,728	(155,412)
Net cash (used in) provided by financing activities	(410,602)	3,231
Effect of exchange rate changes on foreign currency cash	1,316	(11,004)
Net decrease in cash and cash equivalents	(13,555)	(1,038)
Cash and cash equivalents, beginning of period	506,885	525,584
Cash and cash equivalents, end of period	$493,330	$524,546

2016

During the nine months ended September 30, 2016, our cash and cash equivalents decreased $13.6 million, to $493.3 million at September 30, 2016, compared to $506.9 million at December 31, 2015.

Cash flows provided by operating activities. Cash flows provided by operating activities during the nine months ended September 30, 2016 were $370.0 million, compared to cash flows provided by operating activities of $162.1 million during the nine months ended September 30, 2015. Cash flows provided by operating activities during the nine months ended September 30, 2016 were primarily the result of certain adjustments to reconcile our net income of $538.8 million to net cash provided by operating activities, including:

- an increase in premiums receivable and deferred acquisition costs of $403.3 million and $152.5 million, respectively, due to the increase in our gross premiums written;
- an increase of $280.8 million in our prepaid reinsurance premiums due to the increase in our gross premiums ceded;

77

- an increase of $106.2 million in our reinsurance recoverable;
- an increase in unearned premiums of $545.0 million due to an increase in our gross premiums written and a $250.7 million increase in reinsurance balances payable due to the timing of payments of our gross premiums ceded; and
- an increase in our reserve for claims and claim expenses of $94.1 million as a result of claims and claims expenses incurred of $540.7 million, partially offset by claims payments of $446.6 million.

Cash flows provided by investing activities. During the nine months ended September 30, 2016, our cash flows provided by investing activities were $25.7 million, principally reflecting net sales of equity investments trading and short term investments of $183.1 million and $128.9 million, respectively, partially offset by net purchases of fixed maturity investments and other investments of $229.9 million and $56.8 million, respectively.

Cash flows used in financing activities. Our cash flows used in financing activities in the nine months ended September 30, 2016 were $410.6 million, and were principally the result of the settlement of $309.4 million of common share repurchases, net outflows of $45.5 million related to a net return of capital to third party shareholders, principally in DaVinciRe and Medici, and $38.9 million and $16.8 million of dividends paid on our common and preferred shares, respectively.

2015

During the nine months ended September 30, 2015, our cash and cash equivalents decreased $1.0 million, to $524.5 million at September 30, 2015, compared to $525.6 million at December 31, 2014.

Cash flows used in operating activities. Cash flows provided by operating activities during the nine months ended September 30, 2015 were $162.1 million, compared to $393.4 million during the nine months ended September 30, 2014. Cash flows provided by operating activities during the nine months ended September 30, 2015 were primarily the result of certain adjustments to reconcile our net income of $416.4 million to net cash provided by operating activities, including: an increase in unearned premiums of $297.0 million due to an increase in our gross premiums written and a $74.1 million increase in reinsurance balances payable due to the timing of payments of our gross premiums ceded. Partially offsetting these inflows was an increase in premiums receivable and deferred acquisition costs of $191.5 million and $103.5 million, respectively, due to the increase in our gross premiums written, an increase of $156.2 million in our prepaid reinsurance premiums due to the timing of our gross premiums ceded, a decrease in our reserve for claims and claim expenses of $14.3 million as a result of claims payments of $447.9 million, partially offset by claims and claims expenses incurred of $433.6 million, and a $71.0 million increase in reinsurance recoverable. In addition, the other category of our consolidated statements of cash flows of $118.7 million includes the change in our other liabilities, which, at December 31, 2014 included $135.7 million of capital raised from third party investors and received by Upsilon RFO prior to December 31, 2014 for risks incepted during the first quarter of 2015, and subsequently deployed in Upsilon RFO during the first quarter of 2015.

Cash flows used in investing activities. During the nine months ended September 30, 2015, our cash flows used in investing activities were $155.4 million, principally reflecting the net purchase of Platinum of $678.2 million, which is comprised of gross cash outflows of $904.4 million, net of cash acquired of $226.3 million; net purchases of fixed maturity investments of $231.3 million; and net purchases of equity investments trading of $153.5 million. Partially offsetting these net outflows was our net sales of short term investments of $896.0 million. Refer to "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Summary Results of Operations and Liquidity and Capital Resources, Impact of Platinum Acquisition on Liquidity and Capital Resources" for additional information with respect to the acquisition of Platinum.

Cash flows provided by financing activities. Our cash flows provided by financing activities in the nine months ended September 30, 2015 were $3.2 million, and were principally the result of the issuance of $300.0 million of our 3.700% Senior Notes due 2025, net of expenses, of $297.8 million, and the issuance of $150.0 million of DaVinciRe's 4.750% Senior Notes due 2025, net of expenses, of $147.8 million. Partially offsetting these net inflows was the settlement of $197.4 million of common share repurchases, net outflows of $187.3 million related to a net return of capital to third party shareholders, principally in DaVinciRe, and $40.9 million and $16.8 million of dividends paid on our common and preferred shares, respectively.

Explanation of Responses:

Impact of Platinum Acquisition on Liquidity and Capital Resources

On March 2, 2015, we completed the acquisition of Platinum. The aggregate consideration for the transaction was $1.93 billion, comprised of a special dividend of $253.2 million paid by Platinum, the issuance of 7.4 million RenaissanceRe common shares valued at $761.8 million, and cash consideration of $904.4 million. We used a short term bridge loan to fund $300.0 million of the cash consideration paid by us and on March 24, 2015, issued $300.0 million of our 3.700% Senior Notes due 2025 (together with cash on hand) to replace the short term bridge loan used to fund part of the cash consideration. The remaining $604.4 million of cash consideration was funded through our available funds.

We incurred $2.0 million of corporate expenses associated with the acquisition and integration of Platinum in the nine months ended September 30, 2016, in addition to $53.5 million during the year ended December 31, 2015. We expect to incur some additional costs and expenses associated with the acquisition and integration of Platinum during the remainder of 2016.

Following the close of the acquisition of Platinum and execution of the actions noted above, we believe our operating subsidiaries have adequate capital resources in the aggregate, and the ability to produce sufficient cash flows to meet their expected claims payments and operational expenses and to provide dividend payments to RenaissanceRe. In turn, we anticipate RenaissanceRe will have adequate capital resources, or the access to capital resources, to meet our obligations, including but not limited to dividend payments to our common and preferred shareholders, interest payments on our senior notes and other liabilities, as they come due.

Capital Resources

In the normal course of our operations, we may from time to evaluate additional share or debt issuances given prevailing market conditions and capital management strategies, including for our operating subsidiaries and joint ventures. In addition, we enter into agreements with financial institutions to obtain letter of credit facilities for the benefit of our operating subsidiaries in their reinsurance and insurance business.

Our total shareholders’ equity attributable to RenaissanceRe and debt is as follows:

	At September 30, 2016	At December 31, 2015	Change
(in thousands)			
Common shareholders’ equity	$4,407,790	$4,332,184	$75,606
Preference shares	400,000	400,000	—
Total shareholders’ equity attributable to RenaissanceRe	4,807,790	4,732,184	75,606
3.700% Senior Notes due 2025	296,855	296,577	278
5.75% Senior Notes due 2020	248,859	248,610	249
Series B 7.50% Senior Notes due 2017	258,563	268,196	(9,633)
4.750% Senior Notes due 2025 (DaVinciRe)	147,343	147,112	231
RenaissanceRe revolving credit facility – unborrowed	250,000	250,000	—
Total debt	$1,201,620	$1,210,495	$(8,875)
Total shareholders’ equity attributable to RenaissanceRe and debt	$6,009,410	$5,942,679	$66,731

During the first nine months of 2016, our total shareholders’ equity attributable to RenaissanceRe and debt increased by $66.7 million, to $6.0 billion.

Our shareholders’ equity attributable to RenaissanceRe increased $75.6 million during the first nine months of 2016 principally as a result of:

- our comprehensive income attributable to RenaissanceRe of $428.4 million; partially offset by
- our repurchase of 2.7 million shares in open market transactions at an aggregate cost of $309.4 million, and at an average share price of $112.87; and

79

Explanation of Responses:

•$38.9 million and $16.8 million of dividends on our common and preference shares, respectively.
During the first nine months of 2016, our debt decreased $8.9 million, primarily driven by the amortization of deferred debt issuance costs and the amortization of the fair value adjustment related to the assumption of the Series B 7.50% Senior Notes due 2017 in connection with the acquisition of Platinum.
The outstanding amounts drawn under each of our significant credit facilities is set forth below:

At September 30, 2016	Issued or Drawn
(in thousands)	
RenaissanceRe Revolving Credit Facility	$—
Uncommitted Standby Letter of Credit Facility with Wells Fargo	142,962
Uncommitted Standby Letter of Credit Facility with NAB	5,167
Bilateral Letter of Credit Facility with Citibank Europe	209,346
Funds at Lloyd’s Letter of Credit Facilities	
Renaissance Reinsurance	380,000
RenaissanceRe Specialty Risks	7,803
Total credit facilities in U.S. dollars	$745,278
Funds at Lloyd’s Letter of Credit Facilities	
Renaissance Reinsurance	£90,000
Total credit facilities in pound sterling	£90,000

There have been no material changes to our credit facilities as disclosed in our Form 10-K for the year ended December 31, 2015. Effective May 31, 2016, the Funds at Lloyd’s letters of credit issued for the account of Renaissance Reinsurance were increased from $360.0 million and £85.0 million at December 31, 2015 to $380.0 million and £90.0 million, respectively. For additional information related to the terms of our significant credit facilities, see “Note 10. Debt and Credit Facilities in our Notes to Consolidated Financial Statements” in our Form 10-K for the year ended December 31, 2015.
Multi-Beneficiary Reinsurance Trusts
Assets held under trust at September 30, 2016 with respect to our multi-beneficiary reinsurance trusts totaled $494.8 million and $138.2 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of $334.4 million and $105.4 million, respectively.
Multi-Beneficiary Reduced Collateral Reinsurance Trusts
Assets held under trust at September 30, 2016 with respect to our multi-beneficiary reduced collateral reinsurance trusts totaled $41.7 million and $19.3 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of $14.9 million and $12.7 million, respectively.
Redeemable Noncontrolling Interest – DaVinciRe
Our noncontrolling economic ownership in DaVinciRe was 24.0% at September 30, 2016 (December 31, 2015 - 26.3%). Refer to “Note 6. Noncontrolling Interests in our Notes to the Consolidated Financial Statements” for additional information regarding DaVinciRe.

Ratings

Financial strength ratings are important to the competitive position of reinsurance and insurance companies. Rating organizations continually review the financial positions of our reinsurers and insurers. We continue to receive high claims-paying and financial strength ratings from A.M. Best Company, Inc. (“A.M. Best”), Standard and Poor’s Rating Services (“S&P”), Moody’s Investors Service (“Moody’s”) and Fitch Ratings Ltd. (“Fitch”). These ratings represent independent opinions of an insurer’s financial strength, operating performance and ability to meet policyholder obligations, and are not an evaluation directed toward the protection of investors or a recommendation to buy, sell or hold any of our securities.

The ratings of our principal operating subsidiaries and joint ventures and the Enterprise Risk Management rating of RenaissanceRe as of October 31, 2016 are presented below.

	A.M. Best	S&P	Moody’s	Fitch
Renaissance Reinsurance (1)	A+	AA-	A1	A+
DaVinci (1)	A	AA-	A3	—
Renaissance Reinsurance U.S. (1)	A	A+	—	—
RenaissanceRe Specialty U.S. (1)	A	A+	—	—
Renaissance Reinsurance of Europe (1)	A+	AA-	—	—
Top Layer Re (1)	A+	AA	—	—
Syndicate 1458	—	—	—	—
Lloyd’s Overall Market Rating (2)	A	A+	—	AA-
RenaissanceRe (3)	—	Very Strong	—	—

(1) The A.M. Best, S&P, Moody's and Fitch ratings for these companies reflect the insurer's financial strength rating and, in addition to the insurer's financial strength rating, the S&P ratings reflect the insurer's issuer credit rating.

(2) The A.M. Best, S&P and Fitch ratings for the Lloyd's Overall Market Rating represent its financial strength rating.

(3) The S&P rating for RenaissanceRe represents the rating on its Enterprise Risk Management practices.

Reserve for Claims and Claim Expenses

We believe the most significant accounting judgment made by management is our estimate of claims and claim expense reserves. Claims and claim expense reserves represent estimates, including actuarial and statistical projections at a given point in time, of the ultimate settlement and administration costs for unpaid claims and claim expenses arising from the insurance and reinsurance contracts we sell. We establish our claims and claim expense reserves by taking claims reported to us by insureds and ceding companies, but which have not yet been paid (“case reserves”), adding the costs for additional case reserves and adding estimates for the anticipated cost of claims incurred but not yet reported (“IBNR”). Additional case reserves represent our estimates for claims related to specific contracts previously reported to us which we believe may not be adequately estimated by the client as of that date and are not reserved for in our attritional IBNR.

81

The following table summarizes our claims and claim expense reserves by line of business, split between case reserves, additional case reserves and IBNR:

At September 30, 2016	Case Reserves	Additional Case Reserves	IBNR	Total
(in thousands)				
Catastrophe Reinsurance	$187,001	$ 168,572	$179,203	$534,776
Specialty Reinsurance	542,413	100,009	1,201,246	1,843,668
Lloyd’s	100,103	16,766	339,878	456,747
Other	2,883	—	23,025	25,908
Total	$832,400	$ 285,347	$1,743,352	$2,861,099
December 31, 2015				
(in thousands)				
Catastrophe Reinsurance	$237,345	$ 146,969	$179,947	$564,261
Specialty Reinsurance	529,952	126,650	1,148,015	1,804,617
Lloyd’s	84,964	22,085	263,440	370,489
Other	2,071	—	25,607	27,678
Total	$854,332	$ 295,704	$1,617,009	$2,767,045

Activity in the liability for unpaid claims and claim expenses is summarized as follows:

Nine months ended September 30,	2016	2015
(in thousands)		
Net reserves, beginning of period	$2,632,519	$1,345,816
Net incurred related to:		
Current year	483,574	471,796
Prior years	(76,644)	(125,571)
Total net incurred	406,930	346,225
Net paid related to:		
Current year	39,885	75,084
Prior years	379,234	356,428
Total net paid	419,119	431,512
Amounts acquired (1)	—	1,394,117
Net reserves, end of period	2,620,330	2,654,646
Reinsurance recoverable, end of period	240,769	141,416
Gross reserves, end of period	$2,861,099	$2,796,062

(1) Represents the fair value of Platinum's reserve for claims and claim expenses and reinsurance recoverable acquired at March 2, 2015.

Our reserving methodology for each line of business uses a loss reserving process that calculates a point estimate for our ultimate settlement and administration costs for claims and claim expenses. We do not calculate a range of estimates. We use this point estimate, along with paid claims and case reserves, to record our best estimate of additional case reserves and IBNR in our consolidated financial statements. Under GAAP, we are not permitted to establish estimates for catastrophe claims and claim expense reserves until an event occurs that gives rise to a loss. Reserving for our reinsurance claims involves other uncertainties, such as the dependence on information from ceding companies, which among other matters, includes the time lag inherent in reporting information from the primary insurer to us or to our ceding companies and differing reserving practices among ceding companies. The information received from ceding companies is typically in the form of bordereaux, broker notifications of loss and/or discussions with ceding companies or their brokers. This information may be

82

Explanation of Responses:

received on a monthly, quarterly or transactional basis and normally includes paid claims and estimates of case reserves. We sometimes also receive an estimate or provision for IBNR. This information is often updated and adjusted from time to time during the loss settlement period as new data or facts in respect of initial claims, client accounts, industry or event trends may be reported or emerge in addition to changes in applicable statutory and case laws.

Our estimates of losses from large events are based on factors including currently available information derived from our claims information from certain customers and brokers, industry assessments of losses from the events, proprietary models, and the terms and conditions of our contracts. The uncertainty of our estimates for large events is also impacted by the preliminary nature of the information available, the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided to the relevant date by industry participants and the potential for further reporting lags or insufficiencies; and in certain large events, significant uncertainty as to the form of the claims and legal issues, under the relevant terms of insurance and reinsurance contracts. In addition, a significant portion of the net claims and claim expenses associated with certain large events can be concentrated with a few large clients and therefore the loss estimates for these events may vary significantly based on the claims experience of those clients. Loss reserve estimation in respect of our retrocessional contracts poses further challenges compared to directly assumed reinsurance. The contingent nature of business interruption and other exposures will also impact losses in a meaningful way, which we believe may give rise to significant complexity in respect of claims handling, claims adjustment and other coverage issues, over time. Given the magnitude of certain large events, there can be meaningful uncertainty regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying our loss estimates. In addition, our actual net losses from these events may increase if our reinsurers or other obligors fail to meet their obligations.

Because of the inherent uncertainties discussed above, we have developed a reserving philosophy which attempts to incorporate prudent assumptions and estimates, and we have generally experienced favorable net development on prior year reserves in the last several years. However, there is no assurance that this will occur in future periods.

We use statistical and actuarial methods to estimate ultimate expected claims and claim expenses. The period of time from the reporting of a claim to us and the settlement of our liability may be many years. During this period, additional facts and trends will be revealed. As these factors become apparent, case reserves will be adjusted, sometimes requiring an increase or decrease in the overall reserve for claims and claim expenses, and at other times requiring a reallocation of IBNR reserves to specific case reserves or additional case reserves. These estimates are reviewed regularly, and such adjustments, if any, are reflected in the results of operations in the period in which they become known and are accounted for as changes in estimates. Adjustments to our reserve for claims and claim expenses can impact current year net income (loss) by increasing net income or decreasing net loss if the estimates of prior year claims and claim expense reserves prove to be overstated or by decreasing net income or increasing net loss if the estimates of prior year claims and claim expense reserves prove to be insufficient.

Our estimates of claims and claim expense reserves are not precise in that, among other matters, they are based on predictions of future developments and estimates of future trends and other variable factors. Some, but not all, of our reserves are further subject to the uncertainty inherent in actuarial methodologies and estimates. Because a reserve estimate is simply an insurer’s estimate at a point in time of its ultimate liability, and because there are numerous factors which affect reserves and claims payments that cannot be determined with certainty in advance, our ultimate payments will vary, perhaps materially, from our estimates of reserves. If we determine in a subsequent period that adjustments to our previously established reserves are appropriate, such adjustments are recorded in the period in which they are identified. As detailed in the table and discussed in further detail below, changes to prior years estimated claims reserves increased our net income by $76.6 million during the first nine months of 2016 (2015 - $125.6 million), excluding the consideration of changes in reinstatement premium, profit commissions, redeemable noncontrolling interest, equity in net claims and claim expenses of Top Layer Re and income tax.

The following table details our prior years development by segment of its liability for unpaid claims and claim expenses:

Nine months ended September 30,	2016	2015
(in thousands)	(Favorable) adverse development	
Catastrophe Reinsurance	$(37,593)	$(42,413)
Specialty Reinsurance	(33,854)	(83,661)
Lloyd’s	(5,398)	173
Other	201	330
Total	$(76,644)	$(125,571)

Our reserving techniques, assumptions and processes differ between our Catastrophe Reinsurance, Specialty Reinsurance and Lloyd’s segments. Following is a discussion of the risks we insure and reinsure, the reserving techniques, assumptions and processes we follow to estimate our claims and claim expense reserves, our current estimates versus our initial estimates of our claims reserves, and the sensitivity analysis we apply with respect to our key reserving judgments for each of our segments.

Catastrophe Reinsurance Segment

Within our Catastrophe Reinsurance segment, we principally write property catastrophe excess of loss reinsurance contracts to insure insurance and reinsurance companies against natural and man-made catastrophes. Under these contracts, we indemnify an insurer or reinsurer when its aggregate paid claims and claim expenses from a single occurrence of a covered peril exceed the attachment point specified in the contract, up to an amount per loss specified in the contract. Our most significant exposure is to losses from earthquakes and hurricanes and other windstorms, although we are also exposed to claims arising from other catastrophes, such as tsunamis, freezes, floods, fires, tornadoes, explosions and acts of terrorism. Our predominant exposure under such coverage is to property damage. However, other risks, including business interruption and other non-property losses, may also be covered under our property catastrophe reinsurance contracts when arising from a covered peril. Our coverages are offered on either a worldwide basis or are limited to selected geographic areas.

Coverage can also vary from “all property” perils to limited coverage on selected perils, such as “earthquake only” coverage. We also enter into retrocessional contracts that provide property catastrophe coverage to other reinsurers or retrocedants. This coverage is generally in the form of excess of loss retrocessional contracts and may cover all perils and exposures on a worldwide basis or be limited in scope to selected geographic areas, perils and/or exposures. The exposures we assume from retrocessional business can change within a contract term as the underwriters of a retrocedant may alter their book of business after the retrocessional coverage has been bound. We also offer dual trigger reinsurance contracts which require us to pay claims based on claims incurred by insurers and reinsurers in addition to the estimate of insured industry losses as reported by referenced statistical reporting agencies.

Our property catastrophe reinsurance business is generally characterized by loss events of low frequency and high severity. Initial reporting of paid and incurred claims in general, tends to be relatively prompt. We consider this business “short-tail” as compared to the reporting of claims for “long-tail” products, which tends to be slower. However, the timing of claims payment and reporting also varies depending on various factors, including: whether the claims arise under reinsurance of primary insurance companies or reinsurance of other reinsurance companies; the nature of the events (e.g., hurricanes, earthquakes or terrorism); the geographic area involved; post-event inflation which may cause the cost to repair damaged property to increase significantly from current estimates, or for property claims to remain open for a longer period of time, due to limitations on the supply of building materials, labor and other resources; complex policy coverage and other legal issues; and the quality of each client’s claims management and reserving practices. Management’s judgments regarding these factors are reflected in our reserve for claims and claim expenses.

Reserving for most of our property catastrophe reinsurance business does not involve the use of traditional actuarial techniques. Rather, claims and claim expense reserves are estimated by management after a catastrophe occurs by completing an in-depth analysis of the individual contracts which may potentially be

84

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impacted by the catastrophic event. The in-depth analysis generally involves: (1) estimating the size of insured industry losses from the catastrophic event; (2) reviewing our portfolio of reinsurance contracts to identify those contracts which are exposed to the catastrophic event; (3) reviewing information reported by customers and brokers; (4) discussing the event with our customers and brokers; and (5) estimating the ultimate expected cost to settle all claims and administrative costs arising from the catastrophic event on a contract-by-contract basis and in aggregate for the event. Once an event has occurred, during the then current reporting period we record our best estimate of the ultimate expected cost to settle all claims arising from the event. Our estimate of claims and claim expense reserves is then determined by deducting cumulative paid losses from our estimate of the ultimate expected loss for an event and our estimate of IBNR is determined by deducting cumulative paid losses, case reserves and additional case reserves from our estimate of the ultimate expected loss for an event. Once we receive a notice of loss or payment request under a catastrophe reinsurance contract, we are generally able to process and pay such claims promptly.

Because the events from which claims arise under policies written by our property catastrophe reinsurance business are typically prominent, public occurrences such as hurricanes and earthquakes, we are often able to use third party reports as part of our loss reserve estimation process. We also review catastrophe bulletins published by various statistical reporting agencies to assist us in determining the size of the industry loss, although these reports may not be available for some time after an event. In addition to the loss information and estimates communicated by cedants and brokers, we also use industry information which we gather and retain in our REMS© modeling system. The information stored in our REMS© modeling system enables us to analyze each of our policies in relation to a loss and compare our estimate of the loss with those reported by our policyholders. The REMS© modeling system also allows us to compare and analyze individual losses reported by policyholders affected by the same loss event. Although the REMS© modeling system assists with the analysis of the underlying loss and provides us with the information and ability to perform increased analysis, the estimation of claims resulting from catastrophic events is inherently difficult because of the variability and uncertainty associated with property catastrophe claims and the unique characteristics of each loss.

For smaller events including localized severe weather events such as windstorms, hail, ice, snow, flooding, freezing and tornadoes, which are not necessarily prominent, public occurrences, we initially place greater reliance on catastrophe bulletins published by statistical reporting agencies to assist us in determining what events occurred during the reporting period than we do for large events. This includes reviewing catastrophe bulletins published by Property Claim Services (“PCS”) for U.S. catastrophes. We set our initial estimates of reserves for claims and claim expenses for these smaller events based on a combination of our historical market share for these types of losses and the estimate of the total insured industry property losses as reported by statistical reporting agencies, although we may make significant adjustments based on our current exposure to the geographic region involved as well as the size of the loss and the peril involved. This approach supplements our approach for estimating losses for larger catastrophes, which as discussed above, includes discussions with brokers and ceding companies, reviewing individual contracts impacted by the event, and modeling the loss in our REMS© system. Approximately one year from the date of loss for these small events, we estimate IBNR for these events by using the paid Bornhuetter-Ferguson actuarial method. The loss development factors for the paid Bornhuetter-Ferguson actuarial method are selected based on a review of our historical experience and these factors are reviewed at least annually. There were no significant changes to our paid loss development factors during the three-month period represented by this Form 10-Q.

In general, our property catastrophe reinsurance reserves for our more recent reinsured catastrophic events are subject to greater uncertainty and, therefore, greater potential variability, and are likely to experience material changes from one period to the next. This is due to the uncertainty as to the size of the industry losses from the event, uncertainty as to which contracts have been exposed to the catastrophic event, uncertainty due to complex legal and coverage issues that can arise out of large or complex catastrophic events such as the events of September 11, 2001, Hurricane Katrina and Storm Sandy, and uncertainty as to the magnitude of claims incurred by our customers. As our property catastrophe reinsurance claims age, more information becomes available and we believe our estimates become more certain, although there is no assurance this trend will continue in the future.

Explanation of Responses:

Prior Year Development of Reserve for Net Claims and Claim Expenses

Within our property catastrophe reinsurance business, we seek to review substantially all of our claims and claim expense reserves quarterly. Our quarterly review procedures include identifying events that have occurred up to the latest balance sheet date, determining our best estimate of the ultimate expected cost to settle all claims and administrative costs associated with those new events which have arisen during the reporting period, reviewing the ultimate expected cost to settle claims and administrative costs associated with those events which occurred during previous periods, and considering new estimation techniques, such as additional actuarial methods or other statistical techniques, that can assist us in developing a best estimate. This process is judgmental in that it involves reviewing changes in paid and reported losses each period and adjusting our estimates of the ultimate expected losses for each event if there are developments that are different from our previous expectations. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified. As noted above, the level of our claims and claim expenses associated with certain catastrophes can be very large. As a result, small percentage changes in the estimated ultimate claims from large catastrophe events can significantly impact our reserves for claims and claim expenses in subsequent periods.

The following table details the development of our liability for unpaid claims and claim expenses for the Catastrophe Reinsurance segment for the nine months ended September 30, 2016:

Nine months ended September 30, 2016 (in thousands)	Catastrophe Reinsurance Segment (Favorable) adverse development
Catastrophe net claims and claim expenses	
Large catastrophe events	
Tohoku Earthquake and Tsunami (2011)	$ (5,894)
April and May U.S. Tornadoes (2011)	(3,396)
New Zealand Earthquake (2010)	8,710
Other	(1,315)
Total large catastrophe events	(1,895)
Small catastrophe events	
PCS Events (2015)	(15,663)
Tianjin Explosion (2015)	(7,232)
U.S. PCS 13/14 Wind and Thunderstorm (2013)	(6,280)
Other	(6,523)
Total small catastrophe events	(35,698)
Total catastrophe net claims and claim expenses	(37,593)
Total favorable development of prior accident years net claims and claim expenses	$ (37,593)

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the nine months ended September 30, 2016 of $37.6 million was principally driven by $35.7 million of favorable development primarily attributable to a number of relatively small catastrophe events, partially offset by adverse development of $8.7 million related to the 2010 New Zealand Earthquake, each principally the result of changes in our estimated ultimate loss for the respective event.

86

The following table details the development of our liability for unpaid claims and claim expenses for the Catastrophe Reinsurance segment for the nine months ended September 30, 2015:

Nine months ended September 30, 2015 (in thousands)	Catastrophe Reinsurance Segment (Favorable) adverse development
Catastrophe net claims and claim expenses	
Large catastrophe events	
Thailand Floods (2011)	$ (16,119)
Tohoku Earthquake and Tsunami (2011)	(5,676)
New Zealand Earthquake (2011)	21,863
Total 2011 International Events	68
April and May U.S. Tornadoes (2011)	(5,317)
Hurricanes Gustav and Ike (2008)	(4,119)
Storm Sandy (2012)	(1,545)
New Zealand Earthquake (2010)	769
Other	(3,795)
Total large catastrophe events	(13,939)
Small catastrophe events	
U.S. Winter Storms and Wind and Thunderstorm Events (2014)	(23,512)
Other	(4,962)
Total small catastrophe events	(28,474)
Total catastrophe net claims and claim expenses	(42,413)
Total favorable development of prior accident years net claims and claim expenses	$ (42,413)

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the nine months ended September 30, 2015 of $42.4 million was principally driven by $23.5 million related to 2014 U.S. winter storms and wind and thunderstorm events, $5.3 million related to the April and May 2011 U.S. Tornadoes, $4.1 million related to the 2008 Hurricanes (Gustav and Ike) and $9.5 million related to a number of other catastrophe events, each principally the result of changes in our estimated ultimate loss for each respective event. Net adverse development of prior accident years net claims and claim expenses related to the 2011 New Zealand Earthquakes, the 2011 Thailand Floods and the 2011 Tohoku Earthquake and Tsunami (collectively the “2011 International Events”) was $0.1 million and included reductions in reported losses on the 2011 Thailand Floods and Tohoku Earthquake and Tsunami, offset by a net increase in reported losses on the 2011 New Zealand Earthquakes, with each respective movement in the 2011 International Events, principally driven by the same counterparties re-allocating losses between these events.

Specialty Reinsurance Segment

Within our Specialty Reinsurance segment, we write various classes of casualty business, such as automobile liability, casualty clash, catastrophe exposed workers’ compensation, cyber liability, directors and officers liability, environmental liability, general liability, medical malpractice and professional indemnity, and other specialty lines of reinsurance such as accident and health, agriculture, aviation, financial guaranty, marine and energy, mortgage guaranty, multi-line regional, political risk, property, surety, terrorism and trade credit, which we collectively refer to as specialty reinsurance. We offer our specialty reinsurance products principally on an excess of loss basis, as described above with respect to our property catastrophe reinsurance products, and we also provide proportional coverage, which we expect to grow on an absolute and relative basis within this segment in the future. In a proportional reinsurance arrangement (also referred to as quota share reinsurance or pro rata reinsurance), the reinsurer shares a proportional part of the

87

original premiums and losses of the reinsured. We offer our specialty reinsurance products to insurance and reinsurance companies and provide coverage for specific geographic regions or on a worldwide basis.
Historically, our Specialty Reinsurance segment has been characterized as providing coverage for low frequency and high severity losses, similar to our property catastrophe reinsurance business. As with our property catastrophe reinsurance business, our specialty reinsurance contracts frequently provide coverage for relatively large limits or exposures. As a result of the foregoing, our specialty reinsurance business is subject to significant claims volatility. In periods of low claims frequency or severity, our results will generally be favorably impacted while in periods of high claims frequency or severity our results will generally be negatively impacted.
More recently, we have positioned our Specialty Reinsurance segment to accept a wider range of quota share or proportional risks, facilitating our efforts to expand trading relationships with core clients via separate, highly-rated balance sheets. In addition, on March 2, 2015 we acquired Platinum and recorded $1.4 billion of claims and claim expense reserves related to the acquisition, of which $1.3 billion was recorded in our Specialty Reinsurance segment, with the balance recorded in our Catastrophe Reinsurance segment. While we remain focused on underwriting discipline, and are seeking to remain focused on opportunities amenable to stochastic representation and supported by strong data and analytics, our expanded product suite and the addition of the claims and claim expense reserves acquired through the Platinum transaction, may pose new, unmodelled or unforeseen risks for which we may not be adequately compensated and may also result in a higher frequency of claims and claim expenses, or an increased aggregate incidence of event driven loss activity, and the greater potential for reserve development, either adverse or favorable.
Our processes and methodologies in respect of loss estimation for the coverages we offer through our specialty reinsurance operation differ from those used for our property catastrophe-oriented coverages. For example, our specialty reinsurance coverages are more likely to be impacted by factors such as long-term inflation and changes in the social and legal environment, which we believe gives rise to greater uncertainty in our claims reserves. Moreover, in many lines of business we do not have the benefit of a significant amount of our own historical experience and may have little or no related corporate reserving history in many of our newer or growing lines of business. We believe this makes our Specialty Reinsurance segment reserving subject to greater uncertainty than our Catastrophe Reinsurance segment.
We calculate multiple point estimates for claims and claim expense reserves using a variety of actuarial reserving techniques for many, but not all, of our classes of business for each underwriting year within our Specialty Reinsurance segment. We do not believe that these multiple point estimates are, or should be considered a range. We consider each class of business and determine the most appropriate point estimate for each underwriting year based on the characteristics of the particular class including: (1) loss development patterns derived from historical data; (2) the credibility of the selected loss development pattern; (3) the stability of the loss development patterns; (4) how developed the underwriting year is; and (5) the observed loss development of other underwriting years for the same class. We also consider other relevant factors, including: (1) historical ultimate loss ratios; (2) the presence of individual large losses; and (3) known occurrences that have not yet resulted in reported losses. We make determinations of the most appropriate point estimate of loss for each class based on an evaluation of relevant information and do not ascribe any particular portion of the estimate to a particular factor or consideration. In addition, we believe that a review of individual contract information improves the loss estimates for some classes of business.
When developing our claims and claims expense reserves for our Specialty Reinsurance segment, we consider several actuarial techniques such as the expected loss ratio method, the Bornhuetter-Ferguson actuarial method and the paid and reported chain ladder actuarial method.
For classes of business and underwriting years where we have limited historical claims experience, estimates of ultimate losses that are not related to a specific event are generally initially determined based on the loss ratio method applied to each underwriting year and to each class of business. Unless we have credible claims experience or unfavorable development, we generally select our ultimate loss based on our initial view of the loss. The selected ultimate losses are determined by multiplying the initial expected loss ratio by the earned premium. The initial expected loss ratios are key inputs that involve management judgment and are based on a variety of factors, including:

(1) contract by contract expected loss ratios developed during our pricing process; (2) our historical loss ratios and combined ratios adjusted for rate change and trend; and (3) industry benchmarks for similar business. These judgments take into account

88

management's view of past, current and future factors that may influence ultimate losses, including: (1) market conditions; (2) changes in the business underwritten; (3) changes in timing of the emergence of claims; and (4) other factors that may influence ultimate loss ratios and losses.

The determination of when reported losses are sufficient and credible to warrant selection of an ultimate loss ratio different from the initial expected loss ratios also requires judgment. We generally make adjustments for reported loss experience indicating unfavorable variances from initial expected loss ratios sooner than reported loss experience indicating favorable variances. This is because the reporting of losses in excess of expectations tends to have greater credibility than an absence or lower than expected level of reported losses. Over time, as a greater number of claims are reported and the credibility of reported losses improves, and as an underwriting year for our attritional business moves to at least a third developed, actuarial estimates of IBNR are typically based on the Bornhuetter-Ferguson actuarial method and the reported chain ladder actuarial method.

The Bornhuetter-Fergusson method allows for greater weight to be applied to expected results in periods where little or no actual experience is available, and, hence, is less susceptible to the potential pitfall of being excessively swayed by one year or one quarter of actual paid and/or reported loss data. This method uses initial expected loss ratio expectations to the extent that the expected paid or reported losses are zero, and it assumes that past experience is not fully representative of the future. As our reserves for claims and claim expenses age, and actual claims experience becomes available, this method places less weight on expected experience and places more weight on actual experience. This experience, which represents the difference between expected reported claims and actual reported claims, is reflected in the respective reporting period as a change in estimate. The utilization of the Bornhuetter-Fergusson method requires us to estimate an expected ultimate claims and claim expense ratio and select an expected loss reporting pattern. We select our estimates of the expected ultimate claims and claim expense ratios as described above and we select our expected loss reporting patterns by utilizing actuarial analysis, including management's judgment, and these expected loss reporting patterns are based on historical patterns of paid losses and reporting of case reserves to us, as well as industry loss development patterns. The estimated expected claims and claim expense ratio may be modified to the extent that reported losses at a given point in time differ from what would be expected based on the selected loss reporting pattern.

The reported chain ladder actuarial method utilizes actual reported losses and a loss development pattern to determine an estimate of ultimate losses that is independent of the initial expected ultimate loss ratio and earned premium. We believe this technique is most appropriate when there are a large number of reported losses with significant statistical credibility and a relatively stable loss development pattern. Information that may cause future loss development patterns to differ from historical loss development patterns is considered and reflected in our selected loss development patterns as appropriate. For certain reinsurance contracts, historical loss development patterns may be developed from ceding company data or other sources.

In addition, certain of our specialty reinsurance coverages may be impacted by natural and man-made catastrophes. We estimate claim reserves for these losses after the event giving rise to these losses occurs, following a process that is similar to that used for our Catastrophe Reinsurance segment, described above.

Prior Year Development of Reserve for Net Claims and Claim Expenses

Within our specialty reinsurance business, we seek to review substantially all of our claims and claim expense reserves quarterly. Typically, our quarterly review procedures include reviewing paid and reported claims in the most recent reporting period, reviewing the development of paid and reported claims from prior periods, and reviewing our overall experience by underwriting year and in the aggregate. We monitor our expected ultimate claims and claim expense ratios and expected loss reporting assumptions on a quarterly basis and compare them to our actual experience. Our actuarial assumptions are generally reviewed annually, based on input from our actuaries, underwriters, claims personnel and finance professionals, although adjustments may be made more frequently if needed. Assumption changes are made to adjust for changes in the pricing and terms of coverage we provide, changes in industry results for similar business, as well as our actual experience, to the extent we have enough data to rely on our own experience. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified.

89

The following table details the development of our liability for unpaid claims and claim expenses for our Specialty Reinsurance segment for the nine months ended September 30, 2016 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Nine months ended September 30, 2016 (in thousands)	Specialty Reinsurance Segment (Favorable) adverse development
Catastrophe net claims and claim expenses	
Large catastrophe events	
Other	$ 2,100
Total catastrophe net claims and claim expenses	2,100
Attritional net claims and claim expenses	
Actual reported claims less than expected claims	(29,836)
Actuarial assumption changes	(6,118)
Total attritional net claims and claim expenses	(35,954)
Total favorable development of prior accident years net claims and claim expenses	$ (33,854)

The net favorable development in our Specialty Reinsurance segment on prior accident years net claims and claim expenses of $33.9 million in the first nine months of 2016 was principally driven by actual reported losses coming in better than expected on attritional net claims and claim expenses and $6.1 million of favorable development associated with actuarial assumption changes.

The following table details the development of our liability for unpaid claims and claim expenses for our Specialty Reinsurance segment for the nine months ended September 30, 2015 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Nine months ended September 30, 2015 (in thousands)	Specialty Reinsurance Segment (Favorable) adverse development
Catastrophe net claims and claim expenses	
Large catastrophe events	
Deepwater Horizon (2010)	$ (8,116)
New Zealand Earthquake (2010)	326
Subprime (2007)	8,459
Other	(388)
Total large catastrophe events	281
Total catastrophe net claims and claim expenses	281
Attritional net claims and claim expenses	
Actual reported claims less than expected claims	(85,185)
Actuarial assumption changes	1,243
Total attritional net claims and claim expenses	(83,942)
Total favorable development of prior accident years net claims and claim expenses	$ (83,661)

The net favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in the nine months ended September 30, 2015 of $83.7 million was primarily driven by $85.2 million related to attritional net claims and claim expenses reported coming in lower than expected on prior accident years events and $8.1 million related to the Deepwater Horizon explosion and oil spill in

90

2010, partially offset by adverse development of $8.5 million related to the sub-prime related casualty losses from 2007 and $1.2 million associated with actuarial assumption changes.

Lloyd’s Segment

Our Lloyd’s segment includes insurance and reinsurance business written for our own account through Syndicate 1458. Syndicate 1458 offers a range of property and casualty insurance and reinsurance products including, but not limited to, direct and facultative property, property catastrophe, agriculture, medical malpractice, general liability and professional indemnity. Syndicate 1458 also writes business through delegated authority arrangements.

The discussion above relating to our reserving techniques and processes for our Specialty Reinsurance segment apply to the specialty reinsurance and insurance lines of business within our Lloyd’s segment. In addition, certain of our coverages may be impacted by natural and man-made catastrophes. We estimate claim reserves for these losses after the event giving rise to these losses occurs, following a process that is similar to our Catastrophe Reinsurance segment as noted above.

Prior Year Development of Reserve for Net Claims and Claim Expenses

The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd’s segment for the nine months ended September 30, 2016 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Nine months ended September 30, 2016 (in thousands)	Lloyd’s Segment (Favorable) adverse development		
Catastrophe net claims and claim expenses			
Small catastrophe events			
Other	$	(1,916	)
Total small catastrophe events		(1,916	)
Total catastrophe net claims and claim expenses		(1,916	)
Attritional net claims and claim expenses			
Actual reported claims higher than expected claims		(3,665	)
Actuarial assumption changes		183	
Total attritional net claims and claim expenses		(3,482	)
Total favorable development of prior accident years net claims and claim expenses	$	(5,398	)

The favorable development of prior accident years net claims and claim expenses within our Lloyd’s segment of $5.4 million during the nine months ended September 30, 2016 was principally driven by actual reported loss activity coming in lower than expected and a decrease in net claims and claim expenses related to small catastrophe events of $1.9 million.

91

The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd's segment for the nine months ended September 30, 2015 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Nine months ended September 30, 2015 (in thousands)	Lloyd's Segment (Favorable) adverse development
Catastrophe net claims and claim expenses	
Small catastrophe events	
Other	$ 1,721
Total small catastrophe events	1,721
Total catastrophe net claims and claim expenses	1,721
Attritional net claims and claim expenses	
Actual reported claims higher than expected claims	(13)
Actuarial assumption changes	(1,535)
Total attritional net claims and claim expenses	(1,548)
Total adverse development of prior accident years net claims and claim expenses	$ 173

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of $0.2 million during the nine months ended September 30, 2015 was principally driven by an increase in net claims and claim expenses related to small catastrophe events of $1.7 million, partially offset by $1.5 million of favorable development associated with actuarial assumption changes.

92

Investments

The table below shows our invested assets:

	September 30, 2016			December 31, 2015			Change	
(in thousands, except percentages)								
U.S. treasuries	$2,564,635	27.9	%	$2,064,944	23.0	%	$499,691	
Agencies	120,761	1.3	%	137,976	1.5	%	(17,215	)
Municipal	550,062	6.0	%	583,282	6.5	%	(33,220	)
Non-U.S. government (Sovereign debt)	313,560	3.4	%	334,981	3.7	%	(21,421	)
Non-U.S. government-backed corporate	129,423	1.4	%	138,994	1.5	%	(9,571	)
Corporate	1,916,092	20.8	%	2,055,323	22.9	%	(139,231	)
Agency mortgage-backed	521,987	5.7	%	504,518	5.6	%	17,469	
Non-agency mortgage-backed	283,333	3.0	%	270,763	3.0	%	12,570	
Commercial mortgage-backed	492,311	5.3	%	561,496	6.2	%	(69,185	)
Asset-backed	207,976	2.2	%	130,541	1.4	%	77,435	
Total fixed maturity investments, at fair value	7,100,140	77.0	%	6,782,818	75.3	%	317,322	
Short term investments, at fair value	1,136,660	12.4	%	1,208,401	13.4	%	(71,741	)
Equity investments trading, at fair value	345,565	3.8	%	393,877	4.4	%	(48,312	)
Other investments, at fair value	511,621	5.5	%	481,621	5.4	%	30,000	
Total managed investment portfolio	9,093,986	98.7	%	8,866,717	98.5	%	227,269	
Investments in other ventures, under equity method	120,569	1.3	%	132,351	1.5	%	(11,782	)
Total investments	$9,214,555	100.0	%	$8,999,068	100.0	%	$215,487	

At September 30, 2016, we held investments totaling $9.2 billion, compared to $9.0 billion at December 31, 2015, with net unrealized appreciation included in accumulated other comprehensive income of $2.6 million at September 30, 2016, compared to $2.1 million at December 31, 2015. Our investment guidelines stress preservation of capital, market liquidity, and diversification of risk. Notwithstanding the foregoing, our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. Refer to “Note 4. Fair Value Measurements in our Notes to the Consolidated Financial Statements” for additional information regarding the fair value of measurement of our investments.

As the reinsurance coverages we sell include substantial protection for damages resulting from natural and man-made catastrophes, we expect from time to time to become liable for substantial claim payments on short notice. Accordingly, our investment portfolio as a whole is structured to seek to preserve capital and provide a high level of liquidity, which means that the large majority of our investment portfolio consists of highly rated fixed income securities, including U.S. treasuries, agencies, municipals, highly rated sovereign and supranational securities, high-grade corporate securities and mortgage-backed and asset-backed securities. We also have an allocation to publicly traded equities reflected on our consolidated balance sheet as equity investments trading and an allocation to other investments (including catastrophe bonds, private equity partnerships, a senior secured bank loan fund, hedge funds, and other investments). At September 30, 2016, our portfolio of equity investments trading totaled $345.6 million, or 3.8%, of our total investments (December 31, 2015 - $393.9 million or 4.4%) inclusive of our investment in Essent Group Ltd. (“Essent”) of $150.8 million (December 31, 2015 - $102.1 million). During the nine months ended September 30, 2016, we purchased an additional 1.0 million common shares of Essent. Our portfolio of other investments totaled $511.6 million, or 5.5%, of our total investments at September 30, 2016 (December 31, 2015 - $481.6 million or 5.4%).

Other Investments

The table below shows our portfolio of other investments:

	September 30, 2016	December 31, 2015	Change
(in thousands)			
Catastrophe bonds	$ 298,408	$ 241,253	$57,155
Private equity partnerships	192,217	214,848	(22,631)
Senior secured bank loan fund	19,440	23,231	(3,791)
Hedge funds	1,556	2,289	(733)
Total other investments	$ 511,621	$ 481,621	$30,000

We account for our other investments at fair value in accordance with FASB ASC Topic Financial Instruments. The fair value of certain of our fund investments, which principally include private equity funds, a senior secured bank loan fund and hedge funds, is recorded on our balance sheet in other investments, and is generally established on the basis of the net valuation criteria established by the managers of such investments, if applicable. The net valuation criteria established by the managers of such investments is established in accordance with the governing documents of such investments. Many of our fund investments are subject to restrictions on redemptions and sales which are determined by the governing documents and limit our ability to liquidate these investments in the short term.

Some of our fund managers and fund administrators are unable to provide final fund valuations as of our current reporting date. We typically experience a reporting lag to receive a final net asset value report of one month for our hedge funds and senior secured bank loan funds and three months for private equity funds, although we have occasionally experienced delays of up to six months at year end, as the private equity funds typically complete their year-end audits before releasing their final net asset value statements.

In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, we estimate the fair value of these funds by starting with the prior month or quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, and the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which we estimate the return for the current period, all information available to us is utilized. This principally includes using preliminary estimates reported to us by our fund managers, obtaining the valuation of underlying portfolio investments where such underlying investments are publicly traded and therefore have a readily observable price, using information that is available to us with respect to the underlying investments, reviewing various indices for similar investments or asset classes, and estimating returns based on the results of similar types of investments for which we have obtained reported results, or other valuation methods, where possible. Actual final fund valuations may differ, perhaps materially so, from our estimates and these differences are recorded in our consolidated statement of operations in the period in which they are reported to us as a change in estimate. Included in net investment income for the nine months ended September 30, 2016 is a loss of $3.4 million (2015 - loss of $2.5 million) representing the change in estimate during the period related to the difference between our estimated net investment income due to the lag in reporting discussed above and the actual amount as reported in the final net asset values provided by our fund managers.

Our estimate of the fair value of catastrophe bonds is based on quoted market prices, or when such prices are not available, by reference to broker or underwriter bid indications. Refer to “Note 4. Fair Value Measurements in our Notes to the Consolidated Financial Statements” for additional information regarding the fair value of measurement of our investments.

Interest income, income distributions and realized and unrealized gains (losses) on other investments are included in net investment income and resulted in net investment income of $16.7 million for the nine months ended September 30, 2016 (2015 - net investment income of $12.8 million). Of this amount, $17.6 million related to net unrealized losses (2015 - losses of $10.7 million).

94

We have committed capital to private equity partnerships and other investments of $772.4 million, of which $541.8 million has been contributed at September 30, 2016. Our remaining commitments to these investments at September 30, 2016 totaled $238.1 million. In the future, we may enter into additional commitments in respect of private equity partnerships or individual portfolio company investment opportunities.

EFFECTS OF INFLATION

The potential exists, after a catastrophe loss, for the development of inflationary pressures in a local economy. We consider the anticipated effects on us in our catastrophe loss models. Our estimates of the potential effects of inflation are also considered in pricing and in estimating reserves for unpaid claims and claim expenses. In addition, it is possible that the risk of general economic inflation has increased which could, among other things, cause claims and claim expenses to increase and also impact the performance of our investment portfolio. The actual effects of this potential increase in inflation on our results cannot be accurately known until, among other items, claims are ultimately settled. The onset, duration and severity of an inflationary period cannot be estimated with precision.

OFF-BALANCE SHEET AND SPECIAL PURPOSE ENTITY ARRANGEMENTS

At September 30, 2016, we had not entered into any off-balance sheet arrangements, as defined in Item 303(a)(4) of Regulation S-K.

CONTRACTUAL OBLIGATIONS

In the normal course of business, we are party to a variety of contractual obligations as summarized in our Form 10-K for the year ended December 31, 2015. We consider these contractual obligations when assessing our liquidity requirements. As of September 30, 2016, there were no material changes in our contractual obligations as disclosed in the table of contractual obligations, and related footnotes, included in our Form 10-K for the year ended December 31, 2015.

CURRENT OUTLOOK

Acquisition of Platinum

On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. We believe that the acquisition of Platinum has benefited our combined companies’ clients through, among other things, an expanded product offering and enhanced broker relationships. In addition, the acquisition has supported the growth in our U.S. specialty and casualty reinsurance platform. Taken together with our organic growth initiatives, the acquisition meaningfully increased the contribution of specialty and casualty business to us on a consolidated basis, in terms of both total gross premiums written and limits exposed, and on both an absolute and relative basis. Nonetheless, we continue to expect that our expected returns, as well as our regulatory and underwriting capital, will be driven by our portfolio of catastrophe-exposed business. As our longer-tail business grows, both absolutely and in proportion to our shorter tail business, we expect to be more exposed to developments such as inflation, interest rate risk, and the risk of unforeseen claims or tort law developments. Our reserve for claims and claim expenses also grew meaningfully as a result of the acquisition, and our future results will be impacted by the potential for adverse or favorable development on prior accident years claims and claim expenses from the business written prior to the closing by us and by Platinum.

Catastrophe Exposed Market Developments

Notwithstanding the severe global catastrophe losses during 2011, the occurence in late 2012 of Storm Sandy, one of the most significant insured losses on record, and the increased frequency of severe weather events from 2013 through 2016 in many high-insurance-penetration regions, including the 2016 Texas Events, the Fort McMurray Wildfire and Hurricanes Hermine and Matthew, the global insurance and reinsurance markets have manifested growing, and ultimately record, levels of industry wide capital held. At the same time, reinsurance demand for many coverages and solutions has not grown at the pace of this growth in available capital, and for some, coverages in respect of certain regions fell. During the January and June 2016 reinsurance renewal season, we believe that supply, principally from traditional market participants and increasingly complemented by alternative capital providers, more than offset market demand, resulting in a continued reduction of overall market pricing on a risk-adjusted basis, except for, in general, recent loss impacted treaties and contracts and partially offset by capital return initiatives. In 2016, reinsurance demand for U.S. southeastern windstorm coverage has been effectively flat, impacted by the continuation of the Florida Hurricane Catastrophe Fund's ("FHCF") risk transfer program at the same level of limit as in 2015, the reduction in 2016 of the Citizens Property Insurance Corporation's ("Citizens") risk transfer program, and the continuation of private market acceptance of policies previously written by Citizens, which in general are associated with a higher degree of reinsurance cessions than business written by Citizens. We continue to expect the supply of capital to outpace any growth of demand, and we do not expect market developments to shift more favorably in the near term, absent unusually large, or unforeseen, contingent events.

Accordingly, although our in-force book of business remains attractive to us, with our continuing focus on underwriting discipline, absent changed conditions, we do not expect to maintain the size of our aggregate book of property-exposed reinsurance business. While we will strive to maintain a high level of net portfolio quality, we cannot assure you we will succeed in doing so. In addition, we believe that many of the key markets we serve are increasingly characterized by large, increasingly sophisticated cedants who are able to manage large retentions, can access risk transfer capital in expanding forms, and may seek to focus their reinsurance relationships on a core group of well-capitalized, highly-rated reinsurers who can provide a complete product suite as well as value added service. In addition to pricing, market conditions are increasingly impacted by an erosion of terms and conditions, for which we believe the reinsurance market is being undercompensated or in some instances uncompensated. It is possible that an increasing portion of the business ceded to the reinsurance market will be priced below levels we find acceptable, or will be characterized by contractual terms and conditions we do not find to be acceptable, absent the advent of significant new developments. While we believe we are well positioned to compete for business we find attractive, these dynamics may introduce or exacerbate challenges in our markets. We may also purchase additional retrocessional protection to maintain an appropriate risk adjusted level of exposure, although we cannot assure you we will do so. To the extent we increase our aggregate retrocessional purchases, as we have in respect of our 2016 portfolio, absent the occurrence of loss activity covered by such retrocessions, our net income for the period will decrease to reflect the cost of such cessions, and we cannot assure you we will obtain commensurate value from factors such as potentially enhanced client acceptance, stability of our ratings, liquidity or otherwise.

Casualty and Specialty Exposed Market Developments

In the markets in which our Specialty Reinsurance segment operates, we continue to expect casualty insurance and reinsurance capacity to remain abundant during 2016. Leading global intermediaries and other sources have generally reported that the U.S. casualty reinsurance market overall reflects a soft pricing environment and we believe that prevailing terms and conditions in the casualty market are such that many programs and treaties do not meet our pricing standards. However, we also believe that pockets of niche or specialty casualty lines may provide more attractive opportunities for stronger or well-positioned reinsurers and that our combined operations following the acquisition of Platinum are well positioned to compete for business we do find attractive, with strong ratings, an expanded product offering, and increased U.S. market presence. For example, market demand for protection in financial and credit lines, particularly in respect of mortgage reinsurance, has grown in recent periods, contributing to our recent specialty and casualty growth. However, we cannot assure that these dynamics will continue or that any overall market increase in demand will indeed materialize. Specific renewal terms vary widely by insured account and our ability to shape our portfolio to improve its risk and return characteristics as estimated by us is subject to a range of competitive and commercial factors. Furthermore, we intend to seek to maintain strong underwriting discipline and in light of prevailing market conditions cannot provide assurance we will succeed in growing or maintaining our current combined in-force book of business.

General Economic Conditions

We believe that uncertainty continues regarding the strength and health of the overall U.S. economy, as well as that of certain significant economies in the E.U. and other key markets. For example, global economic markets, including many of the key markets which we serve, may continue to be adversely impacted by the financial and fiscal instability of several European jurisdictions and certain large developing

96

economies, potentially including the impacts of political instability in the Middle East, Ukraine and Russia; economic uncertainty in Greece and potentially other jurisdictions; and the vote in the U.K. to leave the EU. Accordingly, we continue to believe that meaningful risk remains for continued uncertainty or adverse disruptions in general economic and financial market conditions. Moreover, future economic growth may be only at a comparably suppressed rate for a relatively extended period of time. Declining or weak economic conditions could reduce demand for the products sold by us or our customers, or could weaken our overall ability to write business at risk-adequate rates. In addition, persistent low levels of economic activity could adversely impact other areas of our financial performance, such as by contributing to unforeseen premium adjustments, mid-term policy cancellations or commutations, or asset devaluation. Any of the foregoing or other outcomes of a prolonged period of economic uncertainty could adversely impact our financial position or results of operations. In addition, during a period of extended economic weakness, we believe our consolidated credit risk, reflecting our counterparty dealings with customers, agents, brokers, retrocessionaires, capital providers and parties associated with our investment portfolio, among others, is likely to be increased. Several of these risks could materialize, and our financial results could be negatively impacted, even after the end of any period of economic weakness.

Moreover, we continue to monitor the risk that our principal markets will experience increased inflationary conditions, which would, among other things, cause costs related to our claims and claim expenses to increase, and impact the performance of our investment portfolio. The onset, duration and severity of an inflationary period cannot be estimated with precision.

These economic conditions impact the risk-adjusted attractiveness and absolute returns and yields of our investment portfolio. In addition, our underwriting activities can be impacted, in particular our specialty and casualty reinsurance and Lloyd’s portfolios, each of which can be exposed to risks arising from the ongoing economic weakness or dislocations, including with respect to a potential increase of claims in directors and officers, errors and omissions, surety, casualty clash and other lines of business.

The sustained and continuing environment of low interest rates, as compared to past periods, has lowered the yields at which we invest our assets. At this time we expect these developments, combined with the current composition of our investment portfolio and other factors, to continue to constrain investment income growth for the near term. In addition to impacting our reported net income, potential future losses on our investment portfolio, including potential future mark-to-market results, would adversely impact our equity capital. Moreover, as we invest cash from new premiums written or reinvest the proceeds of invested assets that mature or that we choose to sell, the yield on our portfolio is impacted by the prevailing environment of comparably low yields. While the decline in current prevailing interest rates can contribute to higher realized and unrealized gains in the near term, as we re-invest our assets or invest new cash proceeds at lower rates our future yields can be adversely impacted. While it is possible yields will improve in future periods, we currently expect the uncertain economic conditions to generally persist and we are unable to predict with certainty when conditions will substantially improve, or the pace of any such improvement.

Legislative and Regulatory Update

On November 26, 2015, the BMA was granted full Solvency II equivalence for an unlimited period by the European Commission based on an assessment conducted by the European Insurance and Occupational Pensions Authority and its equivalence was officially confirmed on March 25, 2016, retroactive to January 1, 2016.

In prior Congressional sessions, Congress has considered a range of potential legislation which would, if enacted, provide for matters such as the creation of (i) a federal reinsurance catastrophe fund; (ii) a federal consortium to facilitate qualifying state residual markets and catastrophe funds in securing reinsurance; and (iii) a federal bond guarantee program for state catastrophe funds in qualifying state residual markets. In April 2016, Representative David Jolly (R-FL) introduced H.R.4947, the Natural Disaster Reinsurance Act of 2016, which would create a federal reinsurance program to cover any losses insured or reinsured by eligible state programs arising from natural catastrophes, including without limitation losses from floods, earthquakes, tropical storms, tornadoes, volcanic eruption and, winter storms.

If enacted, this bill, or legislation similar to any of these proposals, would, we believe, likely contribute to the growth of state entities offering below market priced insurance and reinsurance in a manner adverse to us and market participants more generally. Such legislation could also encourage cessation, or even reversal,

97

of reforms and stabilization initiatives that have been enacted in Florida and other catastrophe-exposed states in recent years. While we believe such legislation will continue to be vigorously opposed, if adopted these bills would likely diminish the role of private market catastrophe reinsurers and could adversely impact our financial results, perhaps materially.

In June 2012, Congress passed the Biggert-Waters Bill, which provided for a five-year renewal of the National Flood Insurance Program (the “NFIP”) and effected substantial reforms in the program. Among other things, pursuant to this statute, the Federal Emergency Management Agency (“FEMA”) was explicitly authorized to carry out initiatives to determine the capacity of private insurers, reinsurers, and financial markets to assume a greater portion of the flood risk exposure in the U.S., and to assess the capacity of the private reinsurance market to assume some of the program’s risk. The bill also provided for increasing the annual limitation on program premium increases from 10% to 20% of the average of the risk premium rates for certain properties concerned; established a four-year phase-in, after the first year, in annual 20% increments, of full actuarial rates for a newly mapped risk premium rate area; instructed FEMA to establish new flood insurance rate maps; allowed multi-family properties to purchase NFIP policies; and introduced minimum deductibles for flood claims. In March 2014, the U.S. Congress passed the Grimm-Waters Act, which amends, delays or defers some of the provisions of Biggert-Waters Bill. Among other things, the Grimm-Waters Act reverts back to exempting “grandfathered” policies from rate increases that might otherwise have been applied upon the approval of updated flood maps, introduces certain caps on the rate of premium increases even where actuarially indicated; eliminates certain provisions which provided for accelerated rate adequacy on the sale of covered properties; and introduces policy surcharges of $25 for residences and $250 for commercial properties near-term. We believe that the passage of the Grimm-Waters Act has had an adverse impact on near term prospects for increased U.S. private flood insurance demand, the stability of the NFIP and the primary insurers that produce policies for the NFIP or offer private coverages. However, the Grimm-Waters Act did not amend certain features of the Biggert-Waters Bill which could, over time, support the growth of such demand, albeit at a slower pace and with greater uncertainty, such as the continuation, subject to annual limits, of some potential premium increases and the potential continuation of certain reforms relating to commercial properties and to homes that are not primary residences. Nonetheless, we cannot assure you that the provisions of the Biggert-Waters Bill will not be superseded by additional new legislation or will otherwise ultimately be implemented by the NFIP or that, if implemented, will materially benefit private carriers, or that we will succeed in participating in any positive market developments that may transpire.

In March 2016, the House Committee on Financial Services unanimously approved H.R. 2901, the Flood Insurance Market Parity and Modernization Act, which would clarify that flood insurance provided by private firms satisfies the requirement that homeowners maintain flood coverage on mortgaged properties that are backed by a federal guarantee and located in a flood zone. The bill also would direct FEMA to consider policy holders who drop a NFIP policy and then later return to the NFIP as having continuous coverage if they can demonstrate that a flood insurance policy from a private firm was maintained throughout the interim period. If ultimately approved by the full Congress, we believe that H.R. 2901 could incrementally contribute to the growth of private residential flood opportunities and the financial stabilization of the NFIP. However, we cannot assure you that such legislation will indeed be enacted or that such benefits will be recognized if it is.

In 2007, the state of Florida enhanced the authority of the FHCF to offer coverage at below-market rates and expanded the ability of the state-sponsored insurer, Citizens, to compete with private insurance companies, and other companies that cede business to us. This legislation reduced the role of the private insurance and reinsurance markets in Florida, a key target market of ours. In succeeding years, Florida legislation has allowed Citizens to increase rates and cut back support for FHCF. The rate increases and cut back on coverage by FHCF and Citizens have supported, over this period, a relatively increased role for private insurers in Florida, a market in which we have established substantial market share. However, we cannot assure you that this increased role will continue or be maintained, or that adverse new legislation will not be passed.

Internationally, in the wake of the large natural catastrophes in 2011, a number of proposals have been introduced to alter the financing of natural catastrophes in several of the markets in which we operate. For example, the Thailand government has announced it is studying proposals for a natural catastrophe fund, under which the government would provide coverage for natural disasters in excess of an industry retention and below a certain limit, after which private reinsurers would continue to participate. The government of the

98

Philippines has announced that it is considering similar proposals. Indonesia's financial services authority has announced a proposal to increase the amount of insurance business placed with domestic reinsurers. A range of proposals from varying stakeholders have been reported to have been made to alter the current regimes for insuring flood risk in the U.K. and Australia, and earthquake risk in New Zealand. A number of these jurisdictions constitute large current or potential future markets for catastrophic coverage. If these proposals are enacted and reduce market opportunities for our clients or for the reinsurance industry, we could be adversely impacted.

Over the past few years, and again in February 2016, the Obama administration has proposed, and the U.S. Congress has considered, legislation which, if passed, would limit or deny U.S. insurers and reinsurers the deduction for reinsurance placed with non-U.S. affiliates. Future administrations or the U.S. Congress may revisit this or similar proposals. We believe that the passage of such legislation could adversely affect the reinsurance market broadly and potentially impact our own current or future operations in particular. We cannot predict whether Congress will adopt any of these proposals and what, if adopted, the potential impact of any such changes could be to us, our clients or the market generally.

In July 2014, the Senate Finance Committee conducted hearings in respect of transactions in which U.S.-based companies merge with or acquire foreign companies in structures referred to as inversions. In September 2014, the IRS and the Treasury Department issued a notice describing regulations that the government intends to issue to eliminate certain of the tax benefits of corporate inversions, which regulations would apply to any inversion transaction closing on or after September 22, 2014. In November 2015, the IRS and the Treasury Department supplemented the 2014 notice with another notice describing further regulations that the government intends to issue in connection with corporate inversion transactions, which generally apply to any inversion transaction closing on or after November 19, 2015. On April 4, 2016, the IRS and Treasury Department issued final and temporary regulations that generally incorporate the rules described in the two notices and included new rules to further limit certain tax benefits of corporate inversions, as well as proposed earnings stripping regulations on the classification of, and recordkeeping with respect to, debt instruments issued to related persons. The final and temporary inversion rules would prohibit a foreign acquirer from counting stock attributable to prior acquisitions of U.S. companies within three years of a proposed acquisition toward the inversion threshold, so that foreign acquirers making serial acquisitions may not avoid the inversion rules by benefiting from an increase in size as a result of U.S. acquisitions made within the prior three years. The earnings stripping regulations were issued as final and temporary regulations by the IRS and Treasury Department on October 13, 2016 and would add new earnings stripping rules that would deny a deduction for interest paid on related party debt issued by a U.S. company in certain circumstances. The earnings stripping rules, which are not limited to inversions and would not apply to indebtedness issued by members of the same consolidated tax group, (1) generally treat as stock, rather than debt, an instrument that is issued to a parent or affiliate in a corporate distribution, or used to fund a distribution of cash or property, and (2) require corporations in certain publicly traded affiliated groups with assets exceeding $100 million or annual total revenue exceeding $50 million to provide documentation of key factors indicating that the instrument is debt rather than equity, such as a binding obligation to repay the principal, creditor's rights, and evidence of a reasonable expectation of repayment. Debt issued by certain U.S. insurance companies would be excluded from the per se recharacterization rule. The IRS and Treasury Department have indicated that they are considering a number of issues associated with the earnings stripping and inversion rules and we can not predict the likelihood of any changes or expansion of the final and temporary regulations. These regulations could negatively impact us, including our ability to acquire U.S. companies using our common shares as acquisition consideration.

In 2014, then House Ways and Means Chairman Dave Camp proposed amendments to the PFIC rules contemplated by Section 1297 of the Code. This proposal would create a new three-part test of active insurance income, providing that an insurer's income would be excluded from the definition of passive income if: (1) the insurer would be subject to a tax as an insurer if it were a US business; (2) more than 50% of its gross receipts for the taxable year consist of premiums; and (3) its applicable insurance liabilities exceed an amount equal to 35% of its total assets as reported in its applicable financial statement for the year. Also in 2014, then Senate Finance Committee Chairman Ron Wyden wrote to the IRS urging examination and new rulemaking in respect of certain practices attributed to hedge funds in respect of non-U.S. reinsurance company structures. In April 2015, the IRS issued proposed new regulations in respect of these matters. The regulations, if adopted as drafted, would provide that “passive income” for purposes of

99

these rules would not include any income that is derived in the “active conduct” of an insurance business by a corporation which is predominantly engaged in an “insurance business.” The proposed regulations also provide a definition for “active conduct” in the course of an insurance trade or business, as well as the term “insurance business.” In addition, Senator Wyden introduced the “Offshore Reinsurance Tax Fairness Act” on June 25, 2015 that, if enacted, would characterize certain non-U.S. insurance companies with insurance liabilities of 25% or less of each such company’s assets as a PFIC and each such company with insurance liabilities of less than 10% of its assets as a PFIC. It is anticipated the IRS will issue amended proposed regulations in respect of these matters and at this time we cannot predict the likelihood of the enactment or finalization of the proposed regulations and legislation; and the scope, nature, or impact of the proposed regulations on us, should they be formally adopted or enacted. Accordingly, we cannot reliably estimate what the potential impact of any such changes could be to us, our sources of capital, our investors or the market generally. Among other things, it is possible that these IRS actions, or new legislation or rulemaking, could adversely impact the tax attributes to certain U.S. investors of participating in our managed joint ventures, even inadvertently in light of the perceived need for reforms.

Potential Change to Segments

We continually monitor and review our segment reporting structure in accordance with authoritative guidance to determine whether any changes have occurred that would impact our reportable segments. As a result of the evolution of the Company following its acquisition of Platinum, the integration of Platinum’s activities within the Company, our increased focus on casualty and specialty lines of business, our current management structure including recent management changes, and our current underwriting platforms, it is likely that we will change our reportable segments to “Property” and “Casualty and Specialty” in the future. The expected new segment presentation is based on extensive work performed during 2016, some of which is still ongoing, to recast our current and prior periods within our financial systems to conform to this new presentation. We expect to complete this work in the fourth quarter of 2016 and present our full year results for 2016 based on the new segments. However, the timing of the expected segment change will depend on the satisfactory completion of this work, including transactional and financial systems internal controls testing. All prior periods presented will be reclassified to conform to this new presentation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are principally exposed to four types of market risk: interest rate risk, foreign currency risk, credit risk, and equity price risk. Our investment guidelines permit, subject to approval, investments in derivative instruments such as futures, options, foreign currency forward contracts and swap agreements, which may be used to assume risks or for hedging purposes.

There were no material changes to these market risks, as disclosed in “Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk,” in our Form 10-K for the year ended December 31, 2015, during the nine months ended September 30, 2016. See “Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk,” in our Form 10-K for the year ended December 31, 2015 for a discussion of our exposure to these risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures: Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(b) and 15d-15(b) of the Exchange Act, as of the end of the period covered by this report. Based upon that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that, at September 30, 2016, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Company reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting: There were no changes in our internal control over financial reporting during the quarter ended September 30, 2016, which were identified in connection with our evaluation required pursuant to Rules 13a-15 or 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material changes to the legal proceedings previously disclosed in our Form 10-K for the year ended December 31, 2015.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Form 10-K for the year ended December 31, 2015 and our Form 10-Q for the quarter ended June 30, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Our share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. On August 2, 2016, our Board of Directors approved a renewal of our authorized share repurchase program to an aggregate amount of $500.0 million. Unless terminated earlier by our Board of Directors, the program will expire when we have repurchased the full value of the shares authorized. The table below details the repurchases that were made under the program during the three months ended September 30, 2016, and also includes other shares purchased, which represents shares surrendered by employees in respect of withholding tax obligations on the vesting of restricted stock, or in lieu of cash payments for the exercise price of employee stock options.

	Total shares purchased		Other shares purchased		Shares purchased under publicly announced repurchase program		Dollar maximum amount still available under repurchase program (in millions)
	Shares purchased	Average price per share	Shares purchased	Average price per share	Shares purchased	Average price per share	
Beginning dollar amount available to be repurchased							$ 397.1
July 1 - 31, 2016	323,421	$115.68	2,127	$ 116.07	321,294	$ 115.68	(37.2)
Aug 1 - 2, 2016	—	$—	—	$ —	—	$ —	—
August 2, 2016 - renewal of authorized share repurchase program of $500.0 million							140.1
Dollar amount available to be repurchased							500.0
August 3 - 31, 2016	189	$117.99	189	$ 117.99	—	$ —	—
September 1 - 30, 2016	17,093	$118.38	17,093	$ 118.38	—	$ —	—
Total	340,703	$115.82	19,409	$ —	321,294	$ 115.68	$ 500.0

During the nine months ended September 30, 2016, pursuant to our publicly announced share repurchase program, we repurchased an aggregate of 2.7 million common shares in open market transactions at an aggregate cost of $309.4 million and at an average share price of $112.87. In the future, we may authorize additional purchase activities under the currently authorized share repurchase program, increase the amount authorized under the share repurchase program, or adopt additional trading plans.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

101

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1	Termination of Master Agreements, Control Agreements and Pledge Agreements, dated October 1, 2016, between Renaissance Reinsurance Ltd. and Citibank Europe PLC.
10.2	Omnibus Amendment Agreement, dated October 1, 2016, between Renaissance Reinsurance Ltd., Citibank Europe PLC and Bank of New York Mellon.
31.1	Certification of Kevin J. O'Donnell, Chief Executive Officer of RenaissanceRe Holdings Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Robert Qutub, Chief Financial Officer of RenaissanceRe Holdings Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Kevin J. O'Donnell, Chief Executive Officer of RenaissanceRe Holdings Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Robert Qutub, Chief Financial Officer of RenaissanceRe Holdings Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

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

RENAISSANCERE HOLDINGS LTD.

Date: November 2, 2016 /s/ Robert Qutub
Robert Qutub
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

Date: November 2, 2016 /s/ Mark A. Wilcox
Mark A. Wilcox
Senior Vice President, Corporate Controller and Chief Accounting Officer
(Principal Accounting Officer)

103