

RENAISSANCERE HOLDINGS LTD

Form 10-Q

July 27, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2016

OR

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

For the transition period from to

Commission File No. 001-14428

RENAISSANCERE HOLDINGS LTD.

(Exact Name Of Registrant As Specified In Its Charter)

Bermuda 98-014-1974

(State or Other Jurisdiction of (I.R.S. Employer

Incorporation or Organization) Identification Number)

Renaissance House, 12 Crow Lane, Pembroke HM 19 Bermuda

(Address of Principal Executive Offices)

(441) 295-4513

(Registrant's telephone number)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, as defined in Rule 12b-2 of the Act. Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The number of Common Shares, par value US \$1.00 per share, outstanding at July 25, 2016 was 41,208,267.

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NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Form 10-Q”) of RenaissanceRe Holdings Ltd. (“RenaissanceRe”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. In particular, statements using words such as “may”, “should”, “estimate”, “expect”, “anticipate”, “intend”, “believe”, “potential”, or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates. This Form 10-Q also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the reinsurance and insurance industries.

The inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our current objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those addressed by the forward-looking statements, including the following:

- the frequency and severity of catastrophic and other events we cover;
- the effectiveness of our claims and claim expense reserving process;
- our ability to maintain our financial strength ratings;
- the effect of climate change on our business;
- the effect of emerging claims and coverage issues;
- our reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- our exposure to credit loss from counterparties in the normal course of business;
- the effect of continued challenging economic conditions throughout the world;
- continued soft reinsurance underwriting market conditions;
- a contention by the Internal Revenue Service (“IRS”) that Renaissance Reinsurance Ltd. (“Renaissance Reinsurance”), or any of our other Bermuda subsidiaries, is subject to taxation in the United States (“U.S.”);
- the performance of our investment portfolio;
- our ability to successfully implement our business strategies and initiatives;
- our ability to retain our key senior officers and to attract or retain the executives and employees necessary to manage our business;
- our ability to determine the impairments taken on our investments;
- the availability of retrocessional reinsurance on acceptable terms;
- the effect of inflation;
- the adequacy of our ceding companies’ ability to assess the risks they underwrite;
- the effect of operational risks, including system or human failures;
- our ability to effectively manage capital on behalf of investors in joint ventures or other entities we manage;
- foreign currency exchange rate fluctuations;

uncertainties related to the vote in the United Kingdom (“U.K.”) to leave the European Union (“EU”);

our ability to raise capital if necessary;

our ability to comply with covenants in our debt agreements;

changes to the regulatory systems under which we operate, including challenges to the claim of exemption from insurance regulation of RenaissanceRe and our subsidiaries and increased global regulation of the insurance and reinsurance industry;

losses we could face from terrorism, political unrest or war;

- our dependence on the ability of our operating subsidiaries to declare and pay dividends;
- the success of any of our strategic investments or acquisitions, including our ability to manage our operations as our product and geographical diversity increases;
- the effect of cybersecurity risks, including technology breaches or failure, on our business;

aspects of our corporate structure that may discourage third party takeovers and other transactions;

the cyclical nature of the reinsurance and insurance industries;

adverse legislative developments that reduce the size of the private markets we serve or impede their future growth;

other regulatory or legislative changes adversely impacting us;

the effect on our business of the highly competitive nature of our industry, including the effect of new entrants to, competing products for and consolidation in the (re)insurance industry;

consolidation of customers or insurance and reinsurance brokers;

the effect of Organization for Economic Co-operation and Development (the “OECD”) or EU measures to increase our taxes;

adverse tax developments, including potential changes to the taxation of inter-company or related party transactions, or changes to the tax treatment of investors in RenaissanceRe or our joint ventures or other entities we manage;

changes in regulatory regimes and/or accounting rules, including the EU directive concerning capital adequacy, risk management and regulatory reporting for insurers; and

our need to make many estimates and judgments in the preparation of our financial statements.

As a consequence, our future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of us. The factors listed above, which are discussed in more detail in our filings with the U.S. Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K (“Form 10-K”) for the year ended December 31, 2015, should not be construed as exhaustive. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to revise or update forward-looking statements to reflect new information, events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Balance Sheets

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

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Assets		
Fixed maturity investments trading, at fair value (Amortized cost \$7,007,201 and \$6,825,877 at June 30, 2016 and December 31, 2015, respectively)	\$7,073,129	\$ 6,765,005
Fixed maturity investments available for sale, at fair value (Amortized cost \$10,923 and \$15,943 at June 30, 2016 and December 31, 2015, respectively)	12,434	17,813
Short term investments, at fair value	1,000,206	1,208,401
Equity investments trading, at fair value	301,298	393,877
Other investments, at fair value	489,702	481,621
Investments in other ventures, under equity method	133,448	132,351
Total investments	9,010,217	8,999,068
Cash and cash equivalents	455,521	506,885
Premiums receivable	1,332,667	778,009
Prepaid reinsurance premiums	533,092	230,671
Reinsurance recoverable	222,006	134,526
Accrued investment income	37,900	39,749
Deferred acquisition costs	331,152	199,380
Receivable for investments sold	203,165	220,834
Other assets	160,873	181,011
Goodwill and other intangible assets	258,170	265,154
Total assets	\$12,544,763	\$11,555,287
Liabilities, Noncontrolling Interests and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	\$2,844,243	\$ 2,767,045
Unearned premiums	1,518,106	889,102
Debt	954,577	960,495
Reinsurance balances payable	753,699	523,974
Payable for investments purchased	432,926	391,378
Other liabilities	215,592	245,145
Total liabilities	6,719,143	5,777,139
Commitments and Contingencies		
Redeemable noncontrolling interest	1,122,403	1,045,964
Shareholders' Equity		
Preference shares: \$1.00 par value – 16,000,000 shares issued and outstanding at June 30, 2016 (December 31, 2015 – 16,000,000)	400,000	400,000
Common shares: \$1.00 par value – 41,496,229 shares issued and outstanding at June 30, 2016 (December 31, 2015 – 43,701,064)	41,496	43,701
Additional paid-in capital	242,561	507,674
Accumulated other comprehensive income	2,337	2,108
Retained earnings	4,016,823	3,778,701
Total shareholders' equity attributable to RenaissanceRe	4,703,217	4,732,184
Total liabilities, noncontrolling interests and shareholders' equity	\$12,544,763	\$11,555,287
See accompanying notes to the consolidated financial statements		

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the three and six months ended June 30, 2016 and 2015
(in thousands of United States Dollars, except per share amounts) (Unaudited)

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
Revenues				
Gross premiums written	\$759,128	\$661,997	\$1,621,261	\$1,305,575
Net premiums written	\$519,916	\$508,677	\$1,031,591	\$912,712
Increase in unearned premiums	(168,514)	(128,849)	(326,583)	(236,124)
Net premiums earned	351,402	379,828	705,008	676,588
Net investment income	54,124	38,604	82,987	78,311
Net foreign exchange losses	(690)	(1,740)	(2,382)	(4,870)
Equity in earnings of other ventures	6,022	6,160	7,633	11,455
Other income	2,654	1,427	6,733	2,966
Net realized and unrealized gains (losses) on investments	69,772	(26,712)	131,425	15,037
Total revenues	483,284	397,567	931,404	779,487
Expenses				
Net claims and claim expenses incurred	167,750	169,344	294,355	246,197
Acquisition expenses	69,005	61,666	134,597	105,067
Operational expenses	51,073	54,673	107,308	100,294
Corporate expenses	5,752	12,868	13,977	58,401
Interest expense	10,536	9,862	21,074	15,178
Total expenses	304,116	308,413	571,311	525,137
Income before taxes	179,168	89,154	360,093	254,350
Income tax (expense) benefit	(6,612)	1,842	(9,356)	49,746
Net income	172,556	90,996	350,737	304,096
Net income attributable to redeemable noncontrolling interests	(30,635)	(12,167)	(75,226)	(51,829)
Net income attributable to RenaissanceRe	141,921	78,829	275,511	252,267
Dividends on preference shares	(5,596)	(5,596)	(11,191)	(11,191)
Net income available to RenaissanceRe common shareholders	\$136,325	\$73,233	\$264,320	\$241,076
Net income available to RenaissanceRe common shareholders per common share – basic	\$3.23	\$1.60	\$6.20	\$5.61
Net income available to RenaissanceRe common shareholders per common share – diluted	\$3.22	\$1.59	\$6.16	\$5.56
Dividends per common share	\$0.31	\$0.30	\$0.62	\$0.60

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three and six months ended June 30, 2016 and 2015
(in thousands of United States Dollars) (Unaudited)

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
Comprehensive income				
Net income	\$172,556	\$90,996	\$350,737	\$304,096
Change in net unrealized gains on investments	672	(349)	229	(423)
Comprehensive income	173,228	90,647	350,966	303,673
Net income attributable to redeemable noncontrolling interests	(30,635)	(12,167)	(75,226)	(51,829)
Comprehensive income attributable to redeemable noncontrolling interests	(30,635)	(12,167)	(75,226)	(51,829)
Comprehensive income attributable to RenaissanceRe	\$142,593	\$78,480	\$275,740	\$251,844
Disclosure regarding net unrealized gains				
Total net realized and unrealized holding gains (losses) on investments	\$672	\$(62)	\$229	\$(85)
Net realized gains on fixed maturity investments available for sale	—	(287)	—	(338)
Change in net unrealized gains on investments	\$672	\$(349)	\$229	\$(423)

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the six months ended June 30, 2016 and 2015
(in thousands of United States Dollars) (Unaudited)

	Six months ended	
	June 30, 2016	June 30, 2015
Preference shares		
Balance – January 1	\$400,000	\$400,000
Balance – June 30	400,000	400,000
Common shares		
Balance – January 1	43,701	38,442
Issuance of shares	—	7,435
Repurchase of shares	(2,420	) (83
Exercise of options and issuance of restricted stock awards	215	219
Balance – June 30	41,496	46,013
Additional paid-in capital		
Balance – January 1	507,674	—
Issuance of shares	—	754,384
Repurchase of shares	(269,847	) (8,343
Change in redeemable noncontrolling interests	(731	) (261
Exercise of options and issuance of restricted stock awards	5,465	4,704
Balance – June 30	242,561	750,484
Accumulated other comprehensive income		
Balance – January 1	2,108	3,416
Change in net unrealized gains on investments	229	(423
Balance – June 30	2,337	2,993
Retained earnings		
Balance – January 1	3,778,701	3,423,857
Net income	350,737	304,096
Net income attributable to redeemable noncontrolling interests	(75,226	) (51,829
Dividends on common shares	(26,198	) (27,479
Dividends on preference shares	(11,191	) (11,191
Balance – June 30	4,016,823	3,637,454
Total shareholders' equity	\$4,703,217	\$4,836,944

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 2016 and 2015
(in thousands of United States Dollars) (Unaudited)

	Six months ended	
	June 30, 2016	June 30, 2015
Cash flows provided by (used in) operating activities		
Net income	\$ 350,737	\$ 304,096
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Amortization, accretion and depreciation	11,036	12,395
Equity in undistributed earnings of other ventures	(2,308)	(6,822)
Net realized and unrealized gains on investments	(131,425)	(15,037)
Net unrealized losses (gains) included in net investment income	20,360	(3,238)
Net unrealized losses included in other income	—	348
Change in:		
Premiums receivable	(554,658)	(396,091)
Prepaid reinsurance premiums	(302,421)	(173,970)
Reinsurance recoverable	(87,480)	(66,042)
Deferred acquisition costs	(131,772)	(63,269)
Reserve for claims and claim expenses	77,198	37,293
Unearned premiums	629,004	410,534
Reinsurance balances payable	229,725	52,969
Other	9,176	(122,536)
Net cash provided by (used in) operating activities	117,172	(29,370)
Cash flows provided by (used in) investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	4,780,406	4,761,975
Purchases of fixed maturity investments trading	(4,984,820)	(4,596,118)
Proceeds from sales and maturities of fixed maturity investments available for sale	5,216	5,000
Net sales (purchases) of equity investments trading	181,634	(166,485)
Net sales of short term investments	245,899	360,162
Net purchases of other investments	(52,778)	(1,250)
Net purchases of investments in other ventures	—	(45)
Net sales of other assets	—	4,500
Net purchase of Platinum	—	(678,152)
Net cash provided by (used in) investing activities	175,557	(310,413)
Cash flows (used in) provided by financing activities		
Dividends paid – RenaissanceRe common shares	(26,198)	(27,479)
Dividends paid – preference shares	(11,191)	(11,191)
RenaissanceRe common share repurchases	(265,003)	(736)
Issuance of debt, net of expenses	—	445,589
Net third party redeemable noncontrolling interest share transactions	(43,909)	(187,064)
Net cash (used in) provided by financing activities	(346,301)	219,119
Effect of exchange rate changes on foreign currency cash	2,208	(6,830)
Net decrease in cash and cash equivalents	(51,364)	(127,494)
Cash and cash equivalents, beginning of period	506,885	525,584
Cash and cash equivalents, end of period	\$ 455,521	\$ 398,090

See accompanying notes to the consolidated financial statements

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RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016

(unless otherwise noted, amounts in tables expressed in thousands of United States (“U.S.”) dollars, except shares, per share amounts and percentages) (Unaudited)

NOTE 1. ORGANIZATION

This report on Form 10-Q should be read in conjunction with the Company’s Annual Report on Form 10-K (“Form 10-K”) for the fiscal year ended December 31, 2015.

RenaissanceRe was formed under the laws of Bermuda on June 7, 1993. Together with its wholly owned and majority-owned subsidiaries and DaVinciRe (as defined below), which are collectively referred to herein as the “Company”, RenaissanceRe provides reinsurance and insurance coverages and related services to a broad range of customers.

On March 2, 2015, RenaissanceRe completed its acquisition of Platinum Underwriters Holdings, Ltd. (“Platinum”). As a result of the acquisition, Platinum and its subsidiaries became wholly owned subsidiaries of RenaissanceRe, including Platinum Underwriters Bermuda, Ltd. (“Platinum Bermuda”) and Renaissance Reinsurance U.S. Inc., formerly known as Platinum Underwriters Reinsurance, Inc. (“Renaissance Reinsurance U.S.”). The Company accounted for the acquisition of Platinum under the acquisition method of accounting in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic Business Combinations and the Company’s consolidated results of operations include those of Platinum from March 2, 2015.

Renaissance Reinsurance, the Company’s principal reinsurance subsidiary, provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.

Renaissance Reinsurance U.S. is a reinsurance company domiciled in the state of Maryland that provides property and casualty reinsurance coverages to insurers and reinsurers, primarily in the Americas.

RenaissanceRe Specialty Risks Ltd. (“RenaissanceRe Specialty Risks”) is a Bermuda-domiciled excess and surplus lines insurance company that is listed on the National Association of Insurance Commissioners’ International Insurance Department’s Quarterly List of Alien Insurers as an eligible surplus lines insurer. RenaissanceRe Underwriting Managers U.S. LLC, a specialty reinsurance agency domiciled in the state of Connecticut, provides specialty treaty reinsurance solutions on both a quota share and excess of loss basis; and writes business on behalf of RenaissanceRe Specialty U.S. Ltd. (“RenaissanceRe Specialty U.S.”), a Bermuda-domiciled reinsurer, which operates subject to U.S. federal income tax, and RenaissanceRe Syndicate 1458 (“Syndicate 1458”).

Syndicate 1458 is the Company’s Lloyd’s syndicate. RenaissanceRe Corporate Capital (UK) Limited (“RenaissanceRe CCL”), a wholly owned subsidiary of RenaissanceRe, is Syndicate 1458’s sole corporate member and RenaissanceRe Syndicate Management Ltd. (“RSML”), a wholly owned subsidiary of RenaissanceRe, is the managing agent for Syndicate 1458.

The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, which principally include Top Layer Reinsurance Ltd. (“Top Layer Re”), recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. (“DaVinci”). Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of DaVinci’s parent, DaVinciRe Holdings Ltd. (“DaVinciRe”), the results of DaVinci and DaVinciRe are consolidated in the Company’s financial statements and all significant intercompany transactions have been eliminated. Redeemable noncontrolling interest - DaVinciRe represents the interests of external parties with respect to the net income and shareholders’ equity of DaVinciRe. Renaissance Underwriting Managers, Ltd. (“RUM”), a wholly owned subsidiary of RenaissanceRe, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.

RenaissanceRe Medici Fund Ltd. (“Medici”) is an exempted fund, incorporated under the laws of Bermuda. Medici’s objective is to seek to invest substantially all of its assets in various insurance based investment instruments that have returns primarily tied to property catastrophe risk. Third party

investors have subscribed for a portion of the participating, non-voting common shares of Medici. Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of, Medici's parent, RenaissanceRe Fund Holdings Ltd. ("Fund Holdings"), the results of Medici and Fund Holdings are consolidated in the Company's financial statements and all significant inter-company transactions have been eliminated.

Redeemable noncontrolling interest - Medici represents the interests of external parties with respect to the net income and shareholders' equity of Medici.

Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon RFO Re Ltd., formerly known as Upsilon Reinsurance II Ltd. ("Upsilon RFO"), a Bermuda domiciled special purpose insurer, to provide additional capacity to the worldwide aggregate and per-occurrence primary and retrocessional property catastrophe excess of loss market. Upsilon RFO is considered a variable interest entity ("VIE") and the Company is considered the primary beneficiary. As a result, Upsilon RFO is consolidated by the Company and all significant inter-company transactions have been eliminated.

Effective November 13, 2014, the Company incorporated RenaissanceRe Upsilon Fund Ltd. ("Upsilon Fund"), an exempted Bermuda segregated accounts company. Upsilon Fund was formed to provide a fund structure through which third party investors can invest in reinsurance risk managed by the Company. As a segregated accounts company, Upsilon Fund is permitted to establish segregated accounts to invest in and hold identified pools of assets and liabilities. Each pool of assets and liabilities in each segregated account is structured to be ring-fenced from any claims from the creditors of Upsilon Fund's general account and from the creditors of other segregated accounts within Upsilon Fund. Third party investors purchase redeemable, non-voting preference shares linked to specific segregated accounts of Upsilon Fund and own 100% of these shares. Upsilon Fund is an investment company and is considered a VIE. The Company does not have a variable interest in Upsilon Fund and as a result Upsilon Fund is not consolidated by the Company.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the Company's significant accounting policies as described in its Form 10-K for the year ended December 31, 2015, except as noted below.

BASIS OF PRESENTATION

These consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States ("GAAP") for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. Certain comparative information has been reclassified to conform to the current presentation. Because of the seasonality of the Company's business, the results of operations and cash flows for any interim period will not necessarily be indicative of the results of operations and cash flows for the full fiscal year or subsequent quarters.

USE OF ESTIMATES IN FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The major estimates reflected in the Company's consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses; reinsurance recoverables, including allowances for reinsurance recoverables deemed uncollectible; estimates of written and earned premiums; fair value, including the fair value of investments, financial instruments and derivatives; impairment charges and the Company's deferred tax valuation allowance.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period

In June 2014, the FASB issued ASU No. 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (“ASU 2014-12”). The objective of ASU 2014-12 is to resolve the diverse accounting treatment of share-based payment awards in situations where an employee would be eligible to vest in the award regardless of whether the employee is rendering service on the date the performance target is achieved. For example, if an employee is eligible to retire or otherwise terminate employment before the end of the period in which a performance target could be achieved and still be eligible to vest in the award. ASU 2014-12 will resolve if and when the performance target is achieved. ASU 2014-12 became effective for all entities in annual and interim periods beginning after December 15, 2015. Early adoption was permitted. The Company adopted ASU 2014-12 effective January 1, 2016, and prospectively applied the amendments in ASU 2014-12 to all awards granted or modified after the effective date. The adoption of ASU 2014-12 did not have a material impact on the Company’s consolidated statements of operations and financial position.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU No. 2015-02, Amendments to the Consolidation Analysis (“ASU 2015-02”). ASU 2015-02 will affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under ASU 2015-02. ASU 2015-02 set forth amendments: modifying the evaluation of whether limited partnerships and similar legal entities are VIEs; eliminating the presumption that a general partner should consolidate a limited partnership; affecting the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangement and related party relationships; and providing a scope exception from consolidation guidance for reporting entities with interests in certain investment funds. ASU 2015-02 became effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption was permitted. The Company adopted ASU 2015-02 effective January 1, 2016 and it did not have a material impact on the Company’s consolidated statements of operations and financial position. See “Note 7. Variable Interest Entities” for additional information related to the Company’s VIE’s.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”). The objective of ASU 2015-03 is to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in ASU 2015-03. ASU 2015-03 became effective for public business entities in annual and interim periods beginning after December 15, 2015 with retroactive application. The Company retrospectively adopted ASU 2015-03 effective January 1, 2016 and the impact on the Company’s consolidated balance sheet at December 31, 2015 was to reduce each of other assets and debt by \$5.6 million, respectively, which represented the deferred debt issuance costs previously recorded in other assets and reclassified as an offset to debt. In addition, for the six months ended June 30, 2015, corporate expense was reduced by \$0.2 million and interest expense was increased by \$0.2 million to reclassify the amortization of deferred debt issuance costs from corporate expense to interest expense. There was no net impact on the Company’s consolidated statements of operations or financial position as a result of the retrospective adoption of ASU 2015-03.

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the FASB issued ASU No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (“ASU 2015-07”). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net

asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 became effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. A reporting entity should apply the amendments retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application was permitted. The Company retrospectively adopted ASU 2015-07 effective January 1, 2016; since this update is disclosure-related only, it did not have a material impact on the Company's statements of operations and financial position.

Simplifying the Accounting for Measurement-Period Adjustments

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments ("ASU 2015-16"). ASU 2015-16 removes the requirement to retrospectively account for adjustments made to provisional amounts recognized in a business combination. Rather, those adjustments are to be recognized by the acquirer in the reporting period in which the adjustment amounts are determined. A reporting entity is also required to disclose, in the reporting period in which the adjustment amounts are recorded, the effect on earnings of changes in depreciation, amortization, or other income effects, as a result of the change to provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition, the reporting entity would present on the face of the income statement or disclose in the notes the amounts that would have been recorded in previous reporting periods if the adjustment to provisional amounts had been recognized as of the acquisition date. ASU 2015-16 was effective for public business entities in annual and interim periods beginning after December 15, 2015. ASU 2015-16 should be applied prospectively to adjustments for provisional amounts that occur after the effective date, with earlier application permitted for financial statements that have not been issued. The Company adopted ASU 2015-16 effective January 1, 2016 and it did not have a material impact on the Company's consolidated statements of operations and financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also provides guidance on accounting for certain contract costs and will also require new disclosures. ASU 2014-09 is effective for public business entities in annual and interim periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

Disclosures about Short-Duration Contracts

In May 2015, the FASB issued ASU No. 2015-09, Disclosures about Short-Duration Contracts ("ASU 2015-09"). ASU 2015-09 requires insurance entities to disclose for annual reporting periods additional information about the liability for unpaid claims and claim adjustment expenses, including: (1) incurred and paid claims development information by accident year, on a net basis, for the number of years for which claims incurred typically remain outstanding, not exceeding 10 years; (2) a reconciliation of incurred and paid claims development information to the aggregate carry amount of the liability for claims and claim adjustment expenses, with separate disclosure of reinsurance recoverable on unpaid claims for each period presented in the statement of financial position; (3) for each accident year presented of incurred claims development information, the total of incurred but not reported liabilities plus expected development on reported claims including in the liability for unpaid claims and claim adjustment expenses, accompanied by a description of the reserving methodologies; (4) for each accident year presented of incurred claims development information, quantitative information about claim frequency accompanied by a qualitative description of methodologies used for determining claim frequency information; and (5) for all claims, the

average annual percentage payout of incurred claims by age for the same number of accident years presented in (3) and (4) above. ASU 2015-09 also requires insurance entities to disclose information about significant changes in methodologies and assumptions used to calculate the liability for unpaid claims and claim adjustment expenses, including the reasons for the change and the effects on the financial statements. In addition, ASU 2015-09 requires insurance entities to disclose for annual and interim reporting periods a rollforward of the liability for unpaid claims and claim adjustment expenses. ASU 2015-09 is effective for public business entities in annual periods beginning after December 31, 2015, and interim periods within annual periods beginning after December 31, 2016. Early adoption is permitted. ASU 2015-09 should be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. As this guidance is disclosure-related only, the adoption of this guidance is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting or those that result in the consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, simplifies the impairment assessment of equity investments without readily determinable values by requiring a qualitative assessment to identify impairment, eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value for financial instruments measured at amortized cost, requires the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation in other comprehensive income of the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the organization has elected to measure the liabilities in accordance with the fair value option, requires the separate presentation of financial assets and financial liabilities by measurement category and for form of financial asset on the balance sheet or the accompanying notes to the financial statements and clarifies that the reporting organization should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the organization's other deferred tax assets. ASU 2016-01 is effective for public business entities in annual and interim periods beginning after December 15, 2017. Earlier adoption is generally not permitted, except for certain specific provisions of ASU 2016-01. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

NOTE 3. INVESTMENTS

Fixed Maturity Investments Trading

The following table summarizes the fair value of fixed maturity investments trading:

	June 30, 2016	December 31, 2015
U.S. treasuries	\$2,660,051	\$ 2,064,944
Agencies	126,549	137,976
Municipal	561,456	583,282
Non-U.S. government (Sovereign debt)	313,699	334,981
Non-U.S. government-backed corporate	157,606	138,994
Corporate	1,840,407	2,055,323
Agency mortgage-backed	513,517	504,368
Non-agency mortgage-backed	251,015	262,235
Commercial mortgage-backed	498,682	554,625
Asset-backed	150,147	128,277
Total fixed maturity investments trading	\$7,073,129	\$ 6,765,005

Fixed Maturity Investments Available For Sale

The following table summarizes the amortized cost, fair value and related unrealized gains and losses and non-credit other-than-temporary impairments of fixed maturity investments available for sale:

June 30, 2016	Amortized Cost	Gross Unrealized Gains	Included in Accumulated Other Comprehensive Income		Non-Credit Other-Than-Temporary Impairments (1)
			Gross Unrealized Losses	Fair Value	
Agency mortgage-backed	\$ 139	\$ 10	\$	—\$149	\$ —
Non-agency mortgage-backed	6,214	1,278	—	7,492	503
Commercial mortgage-backed	4,570	223	—	4,793	—
Total fixed maturity investments available for sale	\$ 10,923	\$ 1,511	\$	—\$12,434	\$ 503

December 31, 2015	Amortized Cost	Gross Unrealized Gains	Included in Accumulated Other Comprehensive Income		Non-Credit Other-Than-Temporary Impairments (1)
			Gross Unrealized Losses	Fair Value	
Agency mortgage-backed	\$ 143	\$ 7	\$	—\$150	\$ —
Non-agency mortgage-backed	7,005	1,523	—	8,528	550
Commercial mortgage-backed	6,578	293	—	6,871	—
Asset-backed	2,217	47	—	2,264	—
Total fixed maturity investments available for sale	\$ 15,943	\$ 1,870	\$	—\$17,813	\$ 550

Represents the non-credit component of other-than-temporary impairments recognized in accumulated other (1) comprehensive income adjusted for subsequent sales of securities. It does not include the change in fair value subsequent to the impairment measurement date.

Contractual maturities of fixed maturity investments are described in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

June 30, 2016	Trading		Available for Sale		Total Fixed Maturity Investments	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	\$273,579	\$266,356	\$—	\$—	\$273,579	\$266,356
Due after one through five years	4,136,965	4,163,134	—	—	4,136,965	4,163,134
Due after five through ten years	1,026,303	1,049,939	—	—	1,026,303	1,049,939
Due after ten years	171,187	180,339	—	—	171,187	180,339
Mortgage-backed	1,244,139	1,263,214	10,923	12,434	1,255,062	1,275,648
Asset-backed	155,028	150,147	—	—	155,028	150,147

Total	\$7,007,201	\$7,073,129	\$10,923	\$12,434	\$7,018,124	\$7,085,563
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Equity Investments Trading

The following table summarizes the fair value of equity investments trading:

	June 30, 2016	December 31, 2015
Financials	\$196,662	\$193,716
Communications and technology	33,704	65,833
Industrial, utilities and energy	28,585	51,168
Consumer	21,047	40,918
Healthcare	17,949	36,148
Basic materials	3,351	6,094
Total	\$301,298	\$393,877

Pledged Investments

At June 30, 2016, \$2.4 billion of cash and investments at fair value were on deposit with, or in trust accounts for the benefit of various counterparties, including with respect to the Company's letter of credit facilities (December 31, 2015 - \$2.5 billion). Of this amount, \$676.6 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities (December 31, 2015 - \$664.6 million).

Reverse Repurchase Agreements

At June 30, 2016, the Company held \$69.9 million (December 31, 2015 - \$26.2 million) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of short term investments on the Company's consolidated balance sheets. The required collateral for these loans typically include high-quality, readily marketable instruments at a minimum amount of 102% of the loan principal. Upon maturity, the Company receives principal and interest income.

Net Investment Income

The components of net investment income are as follows:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Fixed maturity investments	\$46,091	\$33,791	\$82,097	\$59,730
Short term investments	1,227	297	2,227	494
Equity investments	865	1,913	2,528	4,517
Other investments				
Private equity investments	4,356	5,425	(5,002)	15,838
Other	5,035	674	8,344	4,182
Cash and cash equivalents	209	127	338	275
	57,783	42,227	90,532	85,036
Investment expenses	(3,659)	(3,623)	(7,545)	(6,725)
Net investment income	\$54,124	\$38,604	\$82,987	\$78,311

Net Realized and Unrealized Gains on Investments

Net realized and unrealized gains on investments are as follows:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Gross realized gains	\$22,661	\$8,672	\$40,411	\$30,204
Gross realized losses	(7,804)	(21,552)	(22,469)	(26,423)
Net realized gains (losses) on fixed maturity investments	14,857	(12,880)	17,942	3,781
Net unrealized gains (losses) on fixed maturity investments trading	44,271	(48,104)	129,736	(22,132)
Net realized and unrealized (losses) gains on investments-related derivatives	(9,151)	19,816	(28,600)	15,608
Net realized gains on equity investments trading	14,729	8,832	13,911	16,313
Net unrealized gains (losses) on equity investments trading	5,066	5,624	(1,564)	1,467
Net realized and unrealized gains (losses) on investments	\$69,772	\$(26,712)	\$131,425	\$15,037

The Company did not have any fixed maturity investments available for sale in an unrealized loss position at June 30, 2016 or December 31, 2015.

NOTE 4. FAIR VALUE MEASUREMENTS

The use of fair value to measure certain assets and liabilities with resulting unrealized gains or losses is pervasive within the Company's consolidated financial statements. Fair value is defined under accounting guidance currently applicable to the Company to be the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The Company recognizes the change in unrealized gains and losses arising from changes in fair value in its consolidated statements of operations, with the exception of changes in unrealized gains and losses on its fixed maturity investments available for sale, which are recognized as a component of accumulated other comprehensive income in shareholders' equity.

FASB ASC Topic Fair Value Measurements and Disclosures prescribes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuation techniques that use at least one significant input that is unobservable (Level 3). The three levels of the fair value hierarchy are described below:

Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities for which the Company has access. The fair value is determined by multiplying the quoted price by the quantity held by the Company;

Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices; and

Level 3 inputs are based all or in part on significant unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

In order to determine if a market is active or inactive for a security, the Company considers a number of factors, including, but not limited to, the spread between what a seller is asking for a security and what a buyer is bidding for the same security, the volume of trading activity for the security in question, the price of the security compared to its par value (for fixed maturity investments), and other factors that may be indicative of market activity.

There have been no material changes in the Company's valuation techniques, nor have there been any transfers between Level 1 and Level 2, or Level 2 and 3 during the period represented by these consolidated financial statements.

Below is a summary of the assets and liabilities that are measured at fair value on a recurring basis and also represents the carrying amount on the Company's consolidated balance sheets:

At June 30, 2016	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	\$2,660,051	\$2,660,051	\$—	\$—
Agencies	126,549	—	126,549	—
Municipal	561,456	—	561,456	—
Non-U.S. government (Sovereign debt)	313,699	—	313,699	—
Non-U.S. government-backed corporate	157,606	—	157,606	—
Corporate	1,840,407	—	1,840,407	—
Agency mortgage-backed	513,666	—	513,666	—
Non-agency mortgage-backed	258,507	—	258,507	—
Commercial mortgage-backed	503,475	—	503,475	—
Asset-backed	150,147	—	150,147	—
Total fixed maturity investments	7,085,563	2,660,051	4,425,512	—
Short term investments	1,000,206	—	1,000,206	—
Equity investments trading	301,298	301,298	—	—
Other investments				
Catastrophe bonds	275,553	—	275,553	—
Private equity partnerships (1)	190,316	—	—	190,316
Senior secured bank loan fund (1)	22,212	—	—	22,212
Hedge funds (1)	1,621	—	—	1,621
Total other investments	489,702	—	275,553	214,149
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (2)	(2,680)	—	—	(2,680)
Derivatives (3)	2,368	1,084	1,284	—
Other	(4,541)	—	(4,541)	—
Total other assets and (liabilities)	(4,853)	1,084	(3,257)	(2,680)
	\$8,871,916	\$2,962,433	\$5,698,014	\$ 211,469

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(2) Included in assumed and ceded (re)insurance contracts at June 30, 2016 was \$1.0 million and \$3.7 million of other assets and other liabilities, respectively.

(3) See "Note 11. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

At December 31, 2015	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	\$2,064,944	\$2,064,944	\$—	\$ —
Agencies	137,976	—	137,976	—
Municipal	583,282	—	583,282	—
Non-U.S. government (Sovereign debt)	334,981	—	334,981	—
Non-U.S. government-backed corporate	138,994	—	138,994	—
Corporate	2,055,323	—	2,047,705	7,618
Agency mortgage-backed	504,518	—	504,518	—
Non-agency mortgage-backed	270,763	—	270,763	—
Commercial mortgage-backed	561,496	—	561,496	—
Asset-backed	130,541	—	130,541	—
Total fixed maturity investments	6,782,818	2,064,944	4,710,256	7,618
Short term investments	1,208,401	—	1,208,401	—
Equity investments trading	393,877	393,877	—	—
Other investments				
Catastrophe bonds	241,253	—	241,253	—
Private equity partnerships (1)	214,848	—	—	—
Senior secured bank loan fund (1)	23,231	—	—	—
Hedge funds (1)	2,289	—	—	—
Total other investments	481,621	—	241,253	—
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (2)	(5,899)	—	—	(5,899)
Derivatives (3)	1,486	(1,234)	2,720	—
Other	(12,320)	—	(12,320)	—
Total other assets and (liabilities)	(16,733)	(1,234)	(9,600)	(5,899)
	\$8,849,984	\$2,457,587	\$6,150,310	\$ 1,719

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(1) Included in assumed and ceded (re)insurance contracts at December 31, 2015 was \$3.5 million and \$9.4 million of other assets and other liabilities, respectively.

(2) See “Note 11. Derivative Instruments” for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

Level 1 and Level 2 Assets and Liabilities Measured at Fair Value

Fixed Maturity Investments

Fixed maturity investments included in Level 1 consist of the Company’s investments in U.S. treasuries. Fixed maturity investments included in Level 2 are agencies, municipal, non-U.S. government, non-U.S. government-backed corporate, corporate, agency mortgage-backed, non-agency mortgage-backed, commercial mortgage-backed and asset-backed.

The Company's fixed maturity investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an

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exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine month end prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing, however models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third party data. Securities which are priced by an index provider are generally included in the index.

In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding, however they are based on observable inputs and by observing secondary trading of similar securities obtained from active, non-distressed markets.

The Company considers these Level 2 inputs as they are corroborated with other market observable inputs. The techniques generally used to determine the fair value of the Company's fixed maturity investments are detailed below by asset class.

U.S. treasuries

Level 1 - At June 30, 2016, the Company's U.S. treasuries fixed maturity investments were primarily priced by pricing services and had a weighted average effective yield of 0.7% and a weighted average credit quality of AA (December 31, 2015 - 1.3% and AA, respectively). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Agencies

Level 2 - At June 30, 2016, the Company's agency fixed maturity investments had a weighted average effective yield of 1.3% and a weighted average credit quality of AA (December 31, 2015 - 1.7% and AA, respectively). The issuers of the Company's agency fixed maturity investments primarily consist of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. Fixed maturity investments included in agencies are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

Municipal

Level 2 - At June 30, 2016, the Company's municipal fixed maturity investments had a weighted average effective yield of 1.6% and a weighted average credit quality of AA (December 31, 2015 - 2.0% and AA, respectively). The Company's municipal fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information regarding the security from third party sources such as trustees, paying agents or issuers. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread over widely accepted market benchmarks.

Non-U.S. government (Sovereign debt)

Level 2 - At June 30, 2016, the Company's non-U.S. government fixed maturity investments had a weighted average effective yield of 1.0% and a weighted average credit quality of AA (December 31, 2015 - 1.4% and AA, respectively). The issuers of securities in this sector are non-U.S. governments and their respective agencies as well as supranational organizations. Securities held in these sectors are primarily priced by

pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Non-U.S. government-backed corporate

Level 2 - At June 30, 2016, the Company's non-U.S. government-backed corporate fixed maturity investments had a weighted average effective yield of 1.0% and a weighted average credit quality of AA (December 31, 2015 - 1.3% and AA, respectively). Non-U.S. government-backed fixed maturity investments are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread to the respective curve for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Corporate

Level 2 - At June 30, 2016, the Company's corporate fixed maturity investments principally consisted of U.S. and international corporations and had a weighted average effective yield of 3.7% and a weighted average credit quality of BBB (December 31, 2015 - 3.8% and BBB, respectively). The Company's corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread which is added to the U.S. treasury curve or a security specific swap curve as appropriate.

Agency mortgage-backed

Level 2 - At June 30, 2016, the Company's agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 2.0%, a weighted average credit quality of AA and a weighted average life of 4.8 years (December 31, 2015 - 2.7%, AA and 6.1 years, respectively). The Company's agency mortgage-backed fixed maturity investments are primarily priced by pricing services using a mortgage pool specific model which utilizes daily inputs from the active to be announced market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with daily active market quotes.

Non-agency mortgage-backed

Level 2 - The Company's non-agency mortgage-backed fixed maturity investments include non-agency prime residential mortgage-backed and non-agency Alt-A fixed maturity investments. The Company has no fixed maturity investments classified as sub-prime held in its fixed maturity investments portfolio. At June 30, 2016, the Company's non-agency prime residential mortgage-backed fixed maturity investments had a weighted average effective yield of 4.4%, a weighted average credit quality of non-investment grade, and a weighted average life of 4.2 years (December 31, 2015 - 3.8%, non-investment grade and 4.3 years, respectively). The Company's non-agency Alt-A fixed maturity investments held at June 30, 2016 had a weighted average effective yield of 5.5%, a weighted average credit quality of non-investment grade and a weighted average life of 5.5 years (December 31, 2015 - 4.7%, non-investment grade and 5.4 years, respectively). Securities held in these sectors are primarily priced by pricing services using an option adjusted spread model or other relevant models, which principally utilize inputs including benchmark yields, available trade information or broker quotes, and issuer spreads. The pricing services also review collateral

prepayment speeds, loss severity and delinquencies among other collateral performance indicators for the securities valuation, when applicable.

Commercial mortgage-backed

Level 2 - At June 30, 2016, the Company's commercial mortgage-backed fixed maturity investments had a weighted average effective yield of 2.8%, a weighted average credit quality of AAA, and a weighted average life of 3.7 years (December 31, 2015 - 2.9%, AAA and 3.7 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.

Asset-backed

Level 2 - At June 30, 2016, the Company's asset-backed fixed maturity investments had a weighted average effective yield of 1.9%, a weighted average credit quality of AAA and a weighted average life of 2.5 years (December 31, 2015 - 2.1%, AAA and 2.5 years, respectively). The underlying collateral for the Company's asset-backed fixed maturity investments primarily consists of student loans, credit card receivables, auto loans and other receivables. Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services determine the expected cash flows for each security held in this sector using historical prepayment and default projections for the underlying collateral and current market data. In addition, a spread is applied to the relevant benchmark and used to discount the cash flows noted above to determine the fair value of the securities held in this sector.

Short Term Investments

Level 2 - The fair value of the Company's portfolio of short term investments is generally determined using amortized cost which approximates fair value and, in certain cases, in a manner similar to the Company's fixed maturity investments noted above. At June 30, 2016, the Company's short term investments had a weighted average effective yield of 0.5% and a weighted average credit quality of AAA (December 31, 2015 - 0.4% and AAA, respectively).

Equity Investments, Classified as Trading

Level 1 - The fair value of the Company's portfolio of equity investments, classified as trading is primarily priced by pricing services, reflecting the closing price quoted for the final trading day of the period. When pricing these securities, the pricing services utilize daily data from many real time market sources, including applicable securities exchanges. All data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source was used for each security.

Other investments

Catastrophe bonds

Level 2 - The Company's other investments include investments in catastrophe bonds which are recorded at fair value based on broker or underwriter bid indications.

Other assets and liabilities

Derivatives

Level 1 and Level 2 - Other assets and liabilities include certain derivatives entered into by the Company. The fair value of these transactions includes certain exchange traded foreign currency forward contracts which are considered Level 1, and certain credit derivatives, determined using standard industry valuation models and considered Level 2, as the inputs to the valuation model are based on observable market

inputs, including credit spreads, credit ratings of the underlying referenced security, the risk free rate and the contract term.

Other

Level 2 - The liabilities measured at fair value and included in Level 2 at June 30, 2016 of \$4.5 million are comprised of cash settled restricted stock units (“CSRSU”) that form part of the Company’s compensation program. The fair value of the Company’s CSRSUs is determined using observable exchange traded prices for the Company’s common shares.

Level 3 Assets and Liabilities Measured at Fair Value

Below is a summary of quantitative information regarding the significant observable and unobservable inputs (Level 3) used in determining the fair value of assets and liabilities measured at fair value on a recurring basis:

At June 30, 2016	Fair Value (Level 3)	Valuation Technique	Unobservable (U) and Observable (O) Inputs	Low	High	Weighted Average or Actual
Other assets and (liabilities)						
Assumed and ceded (re)insurance contracts	(1,302)	Internal valuation model	Bond price (U)	\$97.61	\$100.02	\$99.02
			Liquidity discount (U)	n/a	n/a	1.3 %
Assumed and ceded (re)insurance contracts	(1,378)	Internal valuation model	Net undiscounted cash flows (U)	n/a	n/a	\$(10,753)
			Expected loss ratio (U)	n/a	n/a	0.1 %
			Net acquisition expense ratio (O)	n/a	n/a	23.0 %
			Contract period (O)	0.5 years	3.0 years	2.2 years
			Discount rate (U)	n/a	n/a	0.7 %
Total assumed and ceded (re)insurance contracts	(2,680)					
Total other assets and (liabilities)	(2,680)					
	\$(2,680)					

Other assets and liabilities

Assumed and ceded (re)insurance contracts

Level 3 - At June 30, 2016, the Company had a \$1.3 million net liability related to an assumed reinsurance contract accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on indicative pricing obtained from independent brokers and pricing vendors for similarly structured marketable securities. The most significant unobservable inputs include prices for similar marketable securities and a liquidity premium. The Company considers the prices for similar securities to be unobservable, as there is little, if any market activity for these similar assets. In addition, the Company has estimated a liquidity premium that would be required if the Company attempted to effectively exit its position by executing a short sale of these securities. Generally, an increase in the prices for similar marketable securities or a decrease in the liquidity premium would result in an increase in the expected profit and ultimate fair value of this assumed reinsurance contract.

Level 3 - At June 30, 2016, the Company had a \$1.4 million net liability related to assumed and ceded (re)insurance contracts accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on proprietary data as observable market inputs are generally not available. The most significant unobservable inputs include the

assumed and ceded expected net cash flows related to the contracts, including the expected premium, acquisition expenses and losses; the expected loss ratio and the relevant discount rate used to present value the net cash flows. The contract period and acquisition expense ratio are considered observable input as each is defined in the contract. Generally, an increase in the net expected cash flows and expected term of the contract and a decrease in the discount rate, expected loss ratio or acquisition expense ratio, would result in an increase in the expected profit and ultimate fair value of these assumed and ceded (re)insurance contracts.

Below is a reconciliation of the beginning and ending balances, for the periods shown, of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs. Interest and dividend income are included in net investment income and are excluded from the reconciliation.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments	Other assets and trading (liabilities)	Total
Balance - April 1, 2016	\$7,500	\$ (4,724)	\$2,776
Total realized gains Included in other income	—	2,092	2,092
Purchases	—	(48)	(48)
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2016	\$—	\$ (2,680)	\$ (2,680)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments	Other assets and trading (liabilities)	Total
Balance - January 1, 2016	\$7,618	\$ (5,899)	\$1,719
Total unrealized losses Included in net investment income	(118)	—	(118)
Total realized gains Included in other income	—	3,792	3,792
Purchases	—	(573)	(573)
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2016	\$—	\$ (2,680)	\$ (2,680)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	\$—	\$ —	\$—

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets (liabilities)	Total
Balance - April 1, 2015	\$15,474	\$ 72,969	\$88,443
Total unrealized (losses) gains			
Included in net investment income	(314)	16	(298)
Included in other income	—	(348)	(348)
Total realized gains			
Included in other income	—	1,512	1,512
Total foreign exchange losses	—	(6)	(6)
Purchases	—	1,544	1,544
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2015	\$7,660	\$ 75,687	\$83,347
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	\$(132)	\$ 16	\$(116)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income	\$—	\$(348)	\$(348)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets (liabilities)	Total
Balance - January 1, 2015	\$15,660	\$(8,934)	\$6,726
Total unrealized (losses) gains			
Included in net investment income	(500)	176	(324)
Included in other income	—	(348)	(348)
Total realized gains			
Included in other income	—	2,828	2,828
Purchases	—	81,965	81,965
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2015	\$7,660	\$ 75,687	\$83,347
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	\$(318)	\$ 176	\$(142)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income	\$—	\$(348)	\$(348)

Financial Instruments Disclosed, But Not Carried, at Fair Value

The Company uses various financial instruments in the normal course of its business. The Company's insurance contracts are excluded from the fair value of financial instruments accounting guidance, unless the Company elects the fair value option, and therefore, are not included in the amounts discussed herein. The carrying values of cash and cash equivalents, accrued investment income, receivables for investments sold, certain other assets, payables for

investments purchased, certain other liabilities, and other financial instruments not included herein approximated their fair values.

Debt

Included on the Company's consolidated balance sheet at June 30, 2016 were debt obligations of \$954.6 million (December 31, 2015 - \$960.5 million). At June 30, 2016, the fair value of the Company's debt obligations was \$1,008.5 million (December 31, 2015 - \$973.3 million).

The fair value of the Company's debt obligations is determined using indicative market pricing obtained from third-party service providers, which the Company considers Level 2 in the fair value hierarchy. There have been no changes during the period in the Company's valuation technique used to determine the fair value of the Company's debt obligations.

The Fair Value Option for Financial Assets and Financial Liabilities

The Company has elected to account for certain financial assets and financial liabilities at fair value using the guidance under FASB ASC Topic Financial Instruments as the Company believes it represents the most meaningful measurement basis for these assets and liabilities. Below is a summary of the balances the Company has elected to account for at fair value:

	June 30, 2016	December 31, 2015
Other investments	\$489,702	\$ 481,621
Other assets	\$980	\$ 3,463
Other liabilities	\$3,660	\$ 9,362

Included in net investment income for the three and six months ended June 30, 2016 were net unrealized losses of \$5.0 million and \$20.4 million, respectively, related to the changes in fair value of other investments (2015 - losses of \$1.6 million and gains of \$3.2 million, respectively). Included in other income for the three and six months ended June 30, 2016 were net unrealized gains of \$Nil and \$Nil, respectively related to the changes in the fair value of other assets and liabilities (2015 - losses of \$0.3 million and losses of \$0.3 million, respectively).

Measuring the Fair Value of Other Investments Using Net Asset Valuations

The table below shows the Company's portfolio of other investments measured using net asset valuations as a practical expedient:

At June 30, 2016	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Minimum Days)	Redemption Notice Period (Maximum Days)
Private equity partnerships	\$ 190,316	\$ 238,916	See below	See below	See below
Senior secured bank loan fund	22,212	2,330	See below	See below	See below
Hedge funds	1,621	—	See below	See below	See below
Total other investments measured using net asset valuations	\$214,149	\$ 241,246			

Private equity partnerships – The Company's investments in private equity partnerships included alternative asset limited partnerships (or similar corporate structures) that invest in certain private equity asset classes, including U.S. and global leveraged buyouts, mezzanine investments, distressed securities, real estate, and oil, gas and power. The Company generally has no right to redeem its interest in any of these private equity partnerships in advance of dissolution of the applicable private equity partnership. Instead, the nature of these investments is that distributions are received by the Company in connection with the liquidation of the underlying assets of the respective private equity partnership. It is estimated that the majority of the underlying assets of the limited partnerships would liquidate over 7 to 10 years from inception of the respective limited partnership.

Senior secured bank loan fund – At June 30, 2016, the Company had \$22.2 million invested in a closed end fund which invests primarily in loans. The Company has no right to redeem its investment in this fund. It is estimated that the majority of the underlying assets in this closed end fund would liquidate over 4 to 5 years from inception of the fund.

Hedge funds – The Company invests in hedge funds that pursue multiple strategies. The Company’s investments in hedge funds at June 30, 2016 were \$1.6 million of so called “side pocket” investments which are not redeemable at the option of the shareholder. The Company will retain its interest in the side pocket investments referred to above, until the underlying investments attributable to such side pockets are liquidated, realized or deemed realized at the discretion of the fund manager.

NOTE 5. REINSURANCE

The Company purchases reinsurance and other protection to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses, generally in excess of various retentions or on a proportional basis. In addition to loss recoveries, certain of the Company’s ceded reinsurance contracts provide for recoveries of additional premiums, for reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to other reinsurance contracts. The Company remains liable to the extent that any reinsurance company fails to meet its obligations.

The following table sets forth the effect of reinsurance and retrocessional activity on premiums written and earned and on net claims and claim expenses incurred:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Premiums written				
Direct	\$57,541	\$34,340	\$100,717	\$65,153
Assumed	701,587	627,657	1,520,544	1,240,422
Ceded	(239,212)	(153,320)	(589,670)	(392,863)
Net premiums written	\$519,916	\$508,677	\$1,031,591	\$912,712
Premiums earned				
Direct	\$37,936	\$21,606	\$71,076	\$44,507
Assumed	464,540	468,372	921,181	850,975
Ceded	(151,074)	(110,150)	(287,249)	(218,894)
Net premiums earned	\$351,402	\$379,828	\$705,008	\$676,588
Claims and claim expenses				
Gross claims and claim expenses incurred	\$224,852	\$222,819	\$386,850	\$311,814
Claims and claim expenses recovered	(57,102)	(53,475)	(92,495)	(65,617)
Net claims and claim expenses incurred	\$167,750	\$169,344	\$294,355	\$246,197

NOTE 6. NONCONTROLLING INTERESTS

A summary of the Company’s redeemable noncontrolling interests on its consolidated balance sheets is set forth below:

	June 30, 2016	December 31, 2015
Redeemable noncontrolling interest - DaVinciRe	\$953,443	\$930,955
Redeemable noncontrolling interest - Medici	168,960	115,009
Redeemable noncontrolling interest	\$1,122,403	\$1,045,964

A summary of the Company's redeemable noncontrolling interests on its consolidated statements of operations set forth below:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Redeemable noncontrolling interest - DaVinciRe	\$28,288	\$12,345	\$71,252	\$50,671
Redeemable noncontrolling interest - Medici	2,347	(178)	3,974	1,158
Net income attributable to redeemable noncontrolling interests	\$30,635	\$12,167	\$75,226	\$51,829

Redeemable Noncontrolling Interest – DaVinciRe

In October 2001, the Company formed DaVinciRe and DaVinci with other equity investors. RenaissanceRe owns a noncontrolling economic interest in DaVinciRe; however, because RenaissanceRe controls a majority of DaVinciRe's outstanding voting rights, the consolidated financial statements of DaVinciRe are included in the consolidated financial statements of the Company. The portion of DaVinciRe's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to redeemable noncontrolling interests. The Company's noncontrolling economic ownership in DaVinciRe was 24.0% at June 30, 2016 (December 31, 2015 - 26.3%).

DaVinciRe shareholders are party to a shareholders agreement which provides DaVinciRe shareholders, excluding RenaissanceRe, with certain redemption rights that enable each shareholder to notify DaVinciRe of such shareholder's desire for DaVinciRe to repurchase up to half of such shareholder's initial aggregate number of shares held, subject to certain limitations, such as limiting the aggregate of all share repurchase requests to 25% of DaVinciRe's capital in any given year and satisfying all applicable regulatory requirements. If total shareholder requests exceed 25% of DaVinciRe's capital, the number of shares repurchased will be reduced among the requesting shareholders pro-rata, based on the amounts desired to be repurchased. Shareholders desiring to have DaVinci repurchase their shares must notify DaVinciRe before March 1 of each year. The repurchase price will be based on GAAP book value as of the end of the year in which the shareholder notice is given, and the repurchase will be effective as of January 1 of the following year. The repurchase price is generally subject to a true-up for potential development on outstanding loss reserves after settlement of all claims relating to the applicable years.

2015

During January 2015, DaVinciRe redeemed a portion of its outstanding shares from certain existing DaVinciRe shareholders, including RenaissanceRe. The net redemption as a result of these transactions was \$225.0 million. In connection with the redemption, DaVinciRe retained a \$22.5 million holdback. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 26.3%, effective January 1, 2015.

2016

During January 2016, DaVinciRe redeemed a portion of its outstanding shares from certain existing DaVinciRe shareholders, including RenaissanceRe, while new DaVinciRe shareholders purchased shares in DaVinciRe from RenaissanceRe. The net redemption as a result of these transactions was \$100.0 million. In connection with the redemption, DaVinciRe retained a \$10.0 million holdback. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 24.0%, effective January 1, 2016.

The Company expects its noncontrolling economic ownership in DaVinciRe to fluctuate over time.

The activity in redeemable noncontrolling interest – DaVinciRe is detailed in the table below:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Beginning balance	\$926,141	\$867,734	\$930,955	\$1,037,306
Redemption of shares from redeemable noncontrolling interest	(986)	(813)	(91,804)	(208,711)
Sale of shares to redeemable noncontrolling interests	—	—	43,040	—
Net income attributable to redeemable noncontrolling interest	28,288	12,345	71,252	50,671
Ending balance	\$953,443	\$879,266	\$953,443	\$879,266

Redeemable Noncontrolling Interest - RenaissanceRe Medici Fund Ltd. (“Medici”)

Medici is an exempted company incorporated under the laws of Bermuda and its objective is to seek to invest substantially all of its assets in various insurance-based investment instruments that have returns primarily tied to property catastrophe risk. RenaissanceRe owns a noncontrolling economic interest in Medici; however, because RenaissanceRe controls all of Medici’s outstanding voting rights, the financial statements of Medici are included in the consolidated financial statements of the Company. The portion of Medici’s earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to redeemable noncontrolling interests. Any shareholder may redeem all or any portion of its shares as of the last day of any calendar month, upon at least 30 calendar days’ prior irrevocable written notice to Medici. As the participating, non-voting common shares of Medici have redemption features which are outside the control of the issuer, the portion related to the redeemable noncontrolling interest in Medici is recorded in the mezzanine section of the consolidated balance sheets of the Company.

2015

During 2015, third-party investors subscribed for \$36.1 million and redeemed \$20.1 million of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company’s economic ownership in Medici was 46.1%, effective December 31, 2015.

2016

During the six months ended June 30, 2016, third-party investors subscribed for \$57.3 million and redeemed \$7.3 million of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company’s economic ownership in Medici was 37.4% at June 30, 2016.

The Company expects its ownership in Medici to fluctuate over time.

The activity in redeemable noncontrolling interest – Medici is detailed in the table below:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Beginning balance	\$155,196	\$100,697	\$115,009	\$94,402
Redemption of shares from redeemable noncontrolling interest	(6,400)	(2,423)	(7,340)	(17,107)
Sale of shares to redeemable noncontrolling interests	17,817	11,450	57,317	31,093
Net income (loss) attributable to redeemable noncontrolling interest	2,347	(178)	3,974	1,158
Ending balance	\$168,960	\$109,546	\$168,960	\$109,546

NOTE 7. VARIABLE INTEREST ENTITIES

Upsilon RFO

Effective January 1, 2013, the Company formed and launched Upsilon RFO, a managed joint venture, and a Bermuda domiciled special purpose insurer, to provide additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market.

The shareholders (other than the Class A shareholder) participate in substantially all of the profits or losses of Upsilon RFO while their shares remain outstanding. The shareholders (other than the Class A shareholder) indemnify Upsilon RFO against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance.

Upsilon RFO is considered a VIE as it has insufficient equity capital to finance its activities without additional financial support. The Company is the primary beneficiary of Upsilon RFO as it has the power over the activities that most significantly impact the economic performance of Upsilon RFO and has the obligation to absorb expected losses and the right to receive expected benefits that could be significant to Upsilon RFO, in accordance with the accounting guidance. As a result, the Company consolidates Upsilon RFO and all significant inter-company transactions have been eliminated. Other than its equity investment in Upsilon RFO, the Company has not provided financial or other support to Upsilon RFO that it was not contractually required to provide.

2015

During 2015, Upsilon RFO returned capital to all of the investors who participated in risks incepting during 2014, including the Company. The total amount of capital returned was \$420.2 million, including \$132.3 million to the Company.

In conjunction with risks incepting during 2015, \$153.7 million of Upsilon RFO non-voting preference shares were issued to unaffiliated third-party investors through their investment in Upsilon Fund. Additionally, \$42.5 million of the non-voting preference shares were issued to the Company, representing a 21.7% participation in the risks assumed by Upsilon RFO incepting during 2015.

2016

During the six months ended June 30, 2016, Upsilon RFO agreed to return \$242.5 million of capital to its investors, including \$59.8 million to the Company, with \$169.1 million and \$47.1 million, respectively, having been repaid to date. In addition, during the six months ended June 30, 2016, \$166.6 million of Upsilon RFO non-voting preference shares were issued to existing investors therein, including \$55.2 million to the Company. At June 30, 2016, the Company's participation in the risks assumed by Upsilon RFO was 28.9%.

At June 30, 2016, the Company's consolidated balance sheet included total assets and total liabilities of Upsilon RFO of \$188.6 million and \$188.5 million, respectively (December 31, 2015 - \$250.6 million and \$250.5 million, respectively).

Mona Lisa Re Ltd. ("Mona Lisa Re")

On March 14, 2013, Mona Lisa Re was licensed as a Bermuda domiciled special purpose insurer to provide reinsurance capacity to subsidiaries of RenaissanceRe, namely Renaissance Reinsurance and DaVinci, through reinsurance agreements which will be collateralized and funded by Mona Lisa Re through the issuance of one or more series of principal-at-risk variable rate notes to third-party investors.

Upon issuance of a series of notes by Mona Lisa Re, all of the proceeds from the issuance are expected to be deposited into collateral accounts, separated by series, to fund any potential obligation under the reinsurance agreements entered into with Renaissance Reinsurance and/or DaVinci underlying such series of notes. The outstanding principal amount of each series of notes generally will be returned to holders of such notes upon the expiration of the risk period underlying such notes, unless an event occurs which causes a loss under the applicable series of notes, in which case the amount returned will be reduced by such noteholder's pro rata share of such loss, as specified in the applicable governing documents of such

notes. In addition, holders of such notes are generally entitled to interest payments, payable quarterly, as determined by the applicable governing documents of each series of notes.

The Company concluded that Mona Lisa Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. Therefore, the Company evaluated its relationship with Mona Lisa Re and concluded it does not have a variable interest in Mona Lisa Re. As a result, the financial position and results of operations of Mona Lisa Re are not consolidated by the Company. At June 30, 2016, the total assets and total liabilities of Mona Lisa Re were \$153.1 million and \$153.1 million, respectively (December 31, 2015 - \$184.0 million and \$184.0 million, respectively).

The only transactions related to Mona Lisa Re that are recorded in the Company's consolidated financial statements are the ceded reinsurance agreements entered into by Renaissance Reinsurance and DaVinci which are accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. Renaissance Reinsurance and DaVinci have together entered into ceded reinsurance contracts with Mona Lisa Re with gross premiums ceded of \$0.1 million and \$0.1 million, respectively, during the six months ended June 30, 2016 (2015 - \$0.6 million and \$0.5 million, respectively). In addition, Renaissance Reinsurance and DaVinci recognized ceded premiums earned related to the ceded reinsurance contracts with Mona Lisa Re of \$3.6 million and \$2.5 million, respectively, during the six months ended June 30, 2016 (2015 - \$3.6 million and \$2.5 million, respectively).

NOTE 8. SHAREHOLDERS' EQUITY

Dividends

The Board of Directors of RenaissanceRe declared a dividend of \$0.31 per common share to common shareholders of record on March 15, 2016 and June 15, 2016, respectively, and RenaissanceRe paid a dividend of \$0.31 per common share to common shareholders on March 31, 2016 and June 30, 2016, respectively. During the six months ended June 30, 2016, the Company declared and paid \$11.2 million in preference share dividends (2015 - \$11.2 million) and \$26.2 million in common share dividends (2015 - \$27.5 million).

Share Repurchases

The Company's 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 May 16, 2016, RenaissanceRe's Board of Directors approved a renewal of its authorized share repurchase program for an aggregate amount of \$500.0 million. Unless terminated earlier by RenaissanceRe's Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The Company's decision to repurchase common shares will depend on, among other matters, the market price of the common shares and the capital requirements of the Company. During the six months ended June 30, 2016, the Company repurchased an aggregate of 2.4 million shares in open market transactions at an aggregate cost of \$272.3 million, and at an average share price of \$112.50. At June 30, 2016, \$397.1 million remained available for repurchase under the share repurchase program. See "Note 14. Subsequent Events" and "Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds" for additional information related to the Company's share repurchase program.

NOTE 9. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

(thousands of shares)	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Numerator:				
Net income available to RenaissanceRe common shareholders	\$ 136,325	\$ 73,233	\$ 264,320	\$ 241,076
Amount allocated to participating common shareholders (1)	(1,561)	(819)	(3,166)	(2,781)
Net income allocated to RenaissanceRe common shareholders	\$ 134,764	\$ 72,414	\$ 261,154	\$ 238,295
Denominator:				
Denominator for basic income per RenaissanceRe common share - weighted average common shares	41,693	45,303	42,135	42,467
Per common share equivalents of employee stock options and restricted shares	192	354	263	372
Denominator for diluted income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions	41,885	45,657	42,398	42,839
Net income available to RenaissanceRe common shareholders per common share – basic	\$ 3.23	\$ 1.60	\$ 6.20	\$ 5.61
Net income available to RenaissanceRe common shareholders per common share – diluted	\$ 3.22	\$ 1.59	\$ 6.16	\$ 5.56

Represents earnings attributable to holders of invested restricted shares issued under the Company's 2001 Stock (1) Incentive Plan, 2010 Performance-Based Equity Incentive Plan, 2016 Long-Term Incentive Plan and to the Company's non-employee directors.

NOTE 10. SEGMENT REPORTING

The Company has the following reportable segments: (1) Catastrophe Reinsurance, which includes catastrophe reinsurance and certain property catastrophe joint ventures managed by the Company's ventures unit; (2) Specialty Reinsurance, which includes specialty reinsurance and certain specialty joint ventures managed by the Company's ventures unit; and (3) Lloyd's, which includes reinsurance and insurance business written through Syndicate 1458. RenaissanceRe CCL, an indirect wholly owned subsidiary of RenaissanceRe, is the sole corporate member of Syndicate 1458.

The underwriting results of Platinum are included in the Company's Catastrophe Reinsurance and Specialty Reinsurance segments from March 2, 2015.

The financial results of the Company's strategic investments, former Insurance segment and redeemable noncontrolling interests are included in the Other category of the Company's segment results. Also included in the Other category of the Company's segment results are the Company's investments in other ventures, investments unit, corporate expenses, capital servicing costs and certain expenses related to the acquisition of Platinum.

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

A summary of the significant components of the Company's revenues and expenses is as follows:

Three months ended June 30, 2016	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd's	Other	Total	
Gross premiums written	\$397,454	\$200,733	\$160,941	\$—	\$759,128	
Net premiums written	\$255,645	\$132,420	\$131,851	\$—	\$519,916	
Net premiums earned	\$141,616	\$137,168	\$72,618	\$—	\$351,402	
Net claims and claim expenses incurred	56,131	67,701	43,832	86	167,750	
Acquisition expenses	16,227	34,127	18,651	—	69,005	
Operational expenses	18,685	19,959	12,408	21	51,073	
Underwriting income (loss)	\$50,573	\$15,381	\$(2,273)	\$(107)	63,574	
Net investment income				54,124	54,124	
Net foreign exchange losses				(690)	(690)	
Equity in earnings of other ventures				6,022	6,022	
Other income				2,654	2,654	
Net realized and unrealized gains on investments				69,772	69,772	
Corporate expenses				(5,752)	(5,752)	
Interest expense				(10,536)	(10,536)	
Income before taxes and redeemable noncontrolling interests					179,168	
Income tax expense				(6,612)	(6,612)	
Net income attributable to redeemable noncontrolling interests				(30,635)	(30,635)	
Dividends on preference shares				(5,596)	(5,596)	
Net income available to RenaissanceRe common shareholders					\$136,325	
Net claims and claim expenses incurred – current accident year	\$70,321	\$85,117	\$41,567	\$—	\$197,005	
Net claims and claim expenses incurred – prior accident years	(14,190)	(17,416)	2,265	86	(29,255)	
Net claims and claim expenses incurred – total	\$56,131	\$67,701	\$43,832	\$86	\$167,750	
Net claims and claim expense ratio – current accident year	49.7	% 62.1	% 57.2	%	56.1	%
Net claims and claim expense ratio – prior accident years	(10.1))% (12.7)% 3.2	%	(8.4))%
Net claims and claim expense ratio – calendar year	39.6	% 49.4	% 60.4	%	47.7	%
Underwriting expense ratio	24.7	% 39.4	% 42.7	%	34.2	%
Combined ratio	64.3	% 88.8	% 103.1	%	81.9	%

Six months ended June 30, 2016	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd's	Other	Total	
Gross premiums written	\$757,877	\$569,722	\$293,662	\$ —	\$1,621,261	
Net premiums written	\$444,430	\$392,511	\$194,650	\$ —	\$1,031,591	
Net premiums earned	\$278,601	\$292,486	\$133,921	\$ —	\$705,008	
Net claims and claim expenses incurred	63,951	159,553	70,848	3	294,355	
Acquisition expenses	25,807	75,852	32,938	—	134,597	
Operational expenses	38,953	41,732	26,542	81	107,308	
Underwriting income (loss)	\$149,890	\$15,349	\$3,593	\$ (84)	168,748	
Net investment income				82,987	82,987	
Net foreign exchange losses				(2,382)	(2,382)	
Equity in earnings of other ventures				7,633	7,633	
Other income				6,733	6,733	
Net realized and unrealized gains on investments				131,425	131,425	
Corporate expenses				(13,977)	(13,977)	
Interest expense				(21,074)	(21,074)	
Income before taxes and redeemable noncontrolling interests					360,093	
Income tax expense				(9,356)	(9,356)	
Net income attributable to redeemable noncontrolling interests				(75,226)	(75,226)	
Dividends on preference shares				(11,191)	(11,191)	
Net income available to RenaissanceRe common shareholders					\$264,320	
Net claims and claim expenses incurred – current accident year	\$84,204	\$173,495	\$67,515	\$ —	\$325,214	
Net claims and claim expenses incurred – prior accident years	(20,253)	(13,942)	3,333	3	(30,859)	
Net claims and claim expenses incurred – total	\$63,951	\$159,553	\$70,848	\$ 3	\$294,355	
Net claims and claim expense ratio – current accident year	30.2	% 59.3	% 50.4	%	46.1	%
Net claims and claim expense ratio – prior accident years	(7.2))% (4.7))% 2.5	%	(4.3))%
Net claims and claim expense ratio – calendar year	23.0	% 54.6	% 52.9	%	41.8	%
Underwriting expense ratio	23.2	% 40.2	% 44.4	%	34.3	%
Combined ratio	46.2	% 94.8	% 97.3	%	76.1	%

Three months ended June 30, 2015	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd's	Other	Total	
Gross premiums written	\$385,366	\$160,013	\$116,618	\$—	\$661,997	
Net premiums written	\$270,490	\$139,867	\$98,320	\$—	\$508,677	
Net premiums earned	\$162,705	\$155,584	\$61,539	\$—	\$379,828	
Net claims and claim expenses incurred	55,376	86,062	27,683	223	169,344	
Acquisition expenses	19,314	28,251	14,210	(109)	61,666	
Operational expenses	22,090	18,747	13,719	117	54,673	
Underwriting income (loss)	\$65,925	\$22,524	\$5,927	\$(231)	94,145	
Net investment income				38,604	38,604	
Net foreign exchange losses				(1,740)	(1,740)	
Equity in earnings of other ventures				6,160	6,160	
Other income				1,427	1,427	
Net realized and unrealized losses on investments				(26,712)	(26,712)	
Corporate expenses				(12,868)	(12,868)	
Interest expense				(9,862)	(9,862)	
Income before taxes and noncontrolling interests					89,154	
Income tax benefit				1,842	1,842	
Net income attributable to noncontrolling interests				(12,167)	(12,167)	
Dividends on preference shares				(5,596)	(5,596)	
Net income available to RenaissanceRe common shareholders					\$73,233	
Net claims and claim expenses incurred – current accident year	\$67,334	\$104,315	\$30,771	\$—	\$202,420	
Net claims and claim expenses incurred – prior accident years	(11,958)	(18,253)	(3,088)	223	(33,076)	
Net claims and claim expenses incurred – total	\$55,376	\$86,062	\$27,683	\$223	\$169,344	
Net claims and claim expense ratio – current accident year	41.4	% 67.0	% 50.0	%	53.3	%
Net claims and claim expense ratio – prior accident years	(7.4))% (11.7))% (5.0))%	(8.7))%
Net claims and claim expense ratio – calendar year	34.0	% 55.3	% 45.0	%	44.6	%
Underwriting expense ratio	25.5	% 30.2	% 45.4	%	30.6	%
Combined ratio	59.5	% 85.5	% 90.4	%	75.2	%

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Six months ended June 30, 2015	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd's	Other	Total	
Gross premiums written (1)	\$774,613	\$284,304	\$246,748	\$(90)	\$1,305,575	
Net premiums written	\$493,130	\$243,782	\$175,889	\$(89)	\$912,712	
Net premiums earned	\$306,472	\$250,460	\$119,745	\$(89)	\$676,588	
Net claims and claim expenses incurred	62,970	125,650	57,526	51	246,197	
Acquisition expenses	26,968	48,940	28,903	256	105,067	
Operational expenses	42,453	32,037	25,659	145	100,294	
Underwriting income (loss)	\$174,081	\$43,833	\$7,657	\$(541)	225,030	
Net investment income				78,311	78,311	
Net foreign exchange losses				(4,870)	(4,870)	
Equity in earnings of other ventures				11,455	11,455	
Other income				2,966	2,966	
Net realized and unrealized gains on investments				15,037	15,037	
Corporate expenses				(58,401)	(58,401)	
Interest expense				(15,178)	(15,178)	
Income before taxes and noncontrolling interests					254,350	
Income tax benefit				49,746	49,746	
Net income attributable to noncontrolling interests				(51,829)	(51,829)	
Dividends on preference shares				(11,191)	(11,191)	
Net income available to RenaissanceRe common shareholders					\$241,076	
Net claims and claim expenses incurred – current accident year	\$91,458	\$153,579	\$56,381	\$—	\$301,418	
Net claims and claim expenses incurred – prior accident years	(28,488)	(27,929)	1,145	51	(55,221)	
Net claims and claim expenses incurred – total	\$62,970	\$125,650	\$57,526	\$51	\$246,197	
Net claims and claim expense ratio – current accident year	29.8	% 61.3	% 47.1	%	44.5	%
Net claims and claim expense ratio – prior accident years	(9.3)	% (11.1)	% 0.9	%	(8.1)	%
Net claims and claim expense ratio – calendar year	20.5	% 50.2	% 48.0	%	36.4	%
Underwriting expense ratio	22.7	% 32.3	% 45.6	%	30.3	%
Combined ratio	43.2	% 82.5	% 93.6	%	66.7	%

(1) Included in gross premiums written in the Other category is the elimination of inter-segment gross premiums written of \$0.1 million for the six months ended June 30, 2015.

NOTE 11. DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for yield enhancement, or for trading and speculation. The Company's derivative instruments are generally traded under International Swaps and Derivatives Association master agreements, which establish the terms of the transactions entered into with the Company's derivative counterparties. In the event one party becomes insolvent or otherwise defaults on its obligations, a master agreement generally permits the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' marked-to-market values so that a single sum in a single currency will be owed by, or owed to, the non-defaulting party. Effectively, this contractual close-out netting reduces

credit exposure from gross to net exposure. Where the Company has entered into master netting agreements with counterparties, or the Company has the legal and contractual right to offset positions, the

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derivative positions are generally netted by counterparty and are reported accordingly in other assets and other liabilities.

The tables below show the gross and net amounts of recognized derivative assets and liabilities, including the location on the consolidated balance sheets and fair value of the Company's principal derivative instruments:

At June 30, 2016	Derivative Assets			Balance Sheet Location	Collateral	Net Amount
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet			
Interest rate futures	\$1,514	262	\$ 1,252	Other assets	\$ —	\$ 1,252
Foreign currency forward contracts (1)	5,236	73	5,163	Other assets	—	5,163
Foreign currency forward contracts (2)	127	87	40	Other assets	—	40
Credit default swaps	726	99	627	Other assets	447	180
Total	\$7,603	\$ 521	\$ 7,082		\$ 447	\$ 6,635

At June 30, 2016	Derivative Liabilities			Balance Sheet Location	Collateral Pledged	Net Amount
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet			
Interest rate futures	\$430	262	\$ 168	Other liabilities	\$ 151	\$ 17
Foreign currency forward contracts (1)	4,968	1,665	3,303	Other liabilities	—	3,303
Foreign currency forward contracts (2)	1,060	87	973	Other liabilities	—	973
Credit default swaps	369	99	270	Other liabilities	245	25
Total	\$6,827	\$ 2,113	\$ 4,714		\$ 396	\$ 4,318

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(2) Contracts used to manage foreign currency risks in investment operations.

At December 31, 2015	Derivative Assets			Balance Sheet Location	Collateral	Net Amount
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet			
Interest rate futures	\$1,059	937	\$ 122	Other assets	\$ —	\$ 122
Foreign currency forward contracts (1)	4,645	82	4,563	Other assets	—	4,563
Foreign currency forward contracts (2)	1,007	599	408	Other assets	—	408
Credit default swaps	257	44	213	Other assets	—	213
Total	\$6,968	\$ 1,662	\$ 5,306		\$ —	\$ 5,306

At December 31, 2015	Derivative Liabilities			Balance Sheet Location	Collateral Pledged	Net Amount
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet			
Interest rate futures	\$2,293	937	\$ 1,356	Other liabilities	\$ 1,356	\$ —
Foreign currency forward contracts (1)	1,891	81	1,810	Other liabilities	—	1,810
Foreign currency forward contracts (2)	806	599	207	Other liabilities	—	207
Credit default swaps	491	44	447	Other liabilities	447	—
Total	\$5,481	\$ 1,661	\$ 3,820		\$ 1,803	\$ 2,017

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(2) Contracts used to manage foreign currency risks in investment operations.

Refer to “Note 3. Investments” for information on reverse repurchase agreements.

The location and amount of the gain (loss) recognized in the Company's consolidated statements of operations related to its principal derivative instruments are shown in the following table:

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	
		2016	2015
Three months ended June 30,			
Interest rate futures	Net realized and unrealized gains (losses) on investments	\$(9,456)	\$19,784
Foreign currency forward contracts (1)	Net foreign exchange losses	(3,815)	(10,210)
Foreign currency forward contracts (2)	Net foreign exchange losses	2,641	(3,417)
Credit default swaps	Net realized and unrealized gains (losses) on investments	305	22
Weather contract	Net realized and unrealized gains (losses) on investments	—	10
Total		\$(10,325)	\$6,189
Six months ended June 30,			
Interest rate futures	Net realized and unrealized gains (losses) on investments	\$(28,815)	\$15,376
Foreign currency forward contracts (1)	Net foreign exchange losses	(5,189)	(6,599)
Foreign currency forward contracts (2)	Net foreign exchange losses	(3,217)	5,793
Credit default swaps	Net realized and unrealized gains (losses) on investments	215	62
Weather contract	Net realized and unrealized gains (losses) on investments	—	170
Total		\$(37,006)	\$14,802

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(2) Contracts used to manage foreign currency risks in investment operations.

The Company is not aware of the existence of any credit-risk related contingent features that it believes would be triggered in its derivative instruments that are in a net liability position at June 30, 2016.

Interest Rate Futures

The Company uses interest rate futures within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which can include increasing or decreasing its exposure to this risk. At June 30, 2016, the Company had \$953.6 million of notional long positions and \$911.5 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (December 31, 2015 - \$1.0 billion and \$1.1 billion, respectively). The fair value of these derivatives is determined using exchange traded prices.

Foreign Currency Derivatives

The Company's functional currency is the U.S. dollar. The Company writes a portion of its business in currencies other than U.S. dollars and may, from time to time, experience foreign exchange gains and losses in the Company's

consolidated financial statements. All changes in exchange rates, with the exception of non-monetary assets and liabilities, are recognized currently in the Company's consolidated statements of operations.

Underwriting Operations Related Foreign Currency Contracts

The Company's foreign currency policy with regard to its underwriting operations is generally to hold foreign currency assets, including cash, investments and receivables that approximate the foreign currency liabilities, including claims and claim expense reserves and reinsurance balances payable. When necessary, the Company may use foreign currency forward and option contracts to minimize the effect of fluctuating foreign currencies on the value of non-U.S. dollar denominated assets and liabilities associated with its underwriting operations. The fair value of the Company's underwriting operations related foreign currency contracts is determined using indicative pricing obtained from counterparties or broker quotes. At June 30, 2016, the Company had outstanding underwriting related foreign currency contracts of \$168.7 million in notional long positions and \$135.5 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - \$172.4 million and \$101.5 million, respectively).

Investment Portfolio Related Foreign Currency Forward Contracts

The Company's investment operations are exposed to currency fluctuations through its investments in non-U.S. dollar fixed maturity investments, short term investments and other investments. From time to time, the Company may employ foreign currency forward contracts in its investment portfolio to either assume foreign currency risk or to economically hedge its exposure to currency fluctuations from these investments. The fair value of the Company's investment portfolio related foreign currency forward contracts is determined using an interpolated rate based on closing forward market rates. At June 30, 2016, the Company had outstanding investment portfolio related foreign currency contracts of \$13.6 million in notional long positions and \$112.2 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - \$31.3 million and \$143.4 million, respectively).

Credit Derivatives

The Company's exposure to credit risk is primarily due to its fixed maturity investments, short term investments, premiums receivable and reinsurance recoverable. From time to time, the Company purchases credit derivatives to hedge its exposures in the insurance industry, and to assist in managing the credit risk associated with ceded reinsurance. The Company also employs credit derivatives in its investment portfolio to either assume credit risk or hedge its credit exposure. The fair value of the credit derivatives is determined using industry valuation models, broker bid indications or internal pricing valuation techniques. The fair value of these credit derivatives can change based on a variety of factors including changes in credit spreads, default rates and recovery rates, the correlation of credit risk between the referenced credit and the counterparty, and market rate inputs such as interest rates. At June 30, 2016, the Company had outstanding credit derivatives of \$Nil in notional long positions and \$28.4 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - \$Nil and \$46.1 million, respectively).

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

There are no material changes from the commitments and contingencies previously disclosed in the Company's Form 10-K for the year ended December 31, 2015.

Legal Proceedings

The Company and its subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct surplus lines insurance policies. This category of business litigation may involve allegations of underwriting or claims-handling errors or misconduct, employment claims, regulatory actions or disputes arising from the Company's business ventures. The Company's operating subsidiaries are subject to claims litigation involving, among other things, disputed interpretations of policy coverages. Generally, the Company's direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than its reinsurance operations and, in some jurisdictions, may be subject to direct actions by allegedly injured persons or entities seeking damages from policyholders. These lawsuits, involving claims on policies issued by the Company's subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in its loss and loss expense reserves. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company's ability to enforce

its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate accordingly. Currently, the Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its financial condition, business or operations.

NOTE 13. CONDENSED CONSOLIDATING FINANCIAL INFORMATION PROVIDED IN CONNECTION WITH OUTSTANDING DEBT OF SUBSIDIARIES

The following tables present condensed consolidating balance sheets at June 30, 2016 and December 31, 2015, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three and six months ended June 30, 2016 and 2015, and condensed consolidating statements of cash flow for the six months ended June 30, 2016 and 2015. Each of RenRe North America Holdings Inc., Platinum Underwriters Finance, Inc. and RenaissanceRe Finance is a 100% owned subsidiary of RenaissanceRe. For additional information related to the terms of the Company's outstanding debt securities, see "Note 10. Debt and Credit Facilities in the Notes to Consolidated Financial Statements" in the Company's Form 10-K for the year ended December 31, 2015.

Condensed Consolidating Balance Sheet at June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets							
Total investments	\$ 172,593	\$ 123,921	\$ 280,615	\$ —	\$ 8,433,088	\$ —	\$ 9,010,217
Cash and cash equivalents	2,382	35	1,893	614	450,597	—	455,521
Investments in subsidiaries	4,022,891	46,835	902,329	1,226,829	—	(6,198,884)	—
Due from subsidiaries and affiliates	104,582	84,027	—	—	—	(188,609)	—
Premiums receivable	—	—	—	—	1,332,667	—	1,332,667
Prepaid reinsurance premiums	—	—	—	—	533,092	—	533,092
Reinsurance recoverable	—	—	—	—	222,006	—	222,006
Accrued investment income	323	308	434	—	36,835	—	37,900
Deferred acquisition costs	—	—	—	—	331,152	—	331,152
Receivable for investments sold	32	1	14	—	203,118	—	203,165
Other assets	402,158	27,115	11,684	121,277	107,850	(509,211)	160,873
Goodwill and other intangible assets	133,736	—	—	—	124,434	—	258,170
Total assets	\$ 4,838,697	\$ 282,242	\$ 1,196,969	\$ 1,348,720	\$ 11,774,839	\$(6,896,704)	\$ 12,544,763

Liabilities, Noncontrolling Interests and Shareholders' Equity							
Liabilities							
Reserve for claims and claim expenses	\$—	\$—	\$—	\$—	\$2,844,243	\$—	\$2,844,243
Unearned premiums	—	—	—	—	1,518,106	—	1,518,106
Debt	117,000	—	261,774	545,537	147,266	(117,000)	954,577
Amounts due to subsidiaries and affiliates	138	94	112	92,338	—	(92,682)	—
Reinsurance balances payable	—	—	—	—	753,699	—	753,699
Payable for investments purchased	—	57	85	—	432,784	—	432,926
Other liabilities	18,342	(359)	9,689	—	198,942	(11,022)	215,592
Total liabilities	135,480	(208)	271,660	637,875	5,895,040	(220,704)	6,719,143
Redeemable noncontrolling interests	—	—	—	—	1,122,403	—	1,122,403
Shareholders' Equity							
Total shareholders' equity	4,703,217	282,450	925,309	710,845	4,757,396	(6,676,000)	4,703,217
Total liabilities, noncontrolling interests and shareholders' equity	\$4,838,697	\$282,242	\$1,196,969	\$1,348,720	\$11,774,839	\$(6,896,704)	\$12,544,763

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

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Condensed Consolidating Balance Sheet at December 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets							
Total investments	\$ 349,892	\$ 127,087	\$ 205,777	\$ —	\$ 8,316,312	\$ —	\$ 8,999,068
Cash and cash equivalents	10,185	5,908	7,103	677	483,012	—	506,885
Investments in subsidiaries	3,902,519	48,754	867,909	1,185,736	—	(6,004,918)	—
Due from subsidiaries and affiliates	81,282	69,739	—	—	—	(151,021)	—
Premiums receivable	—	—	—	—	778,009	—	778,009
Prepaid reinsurance premiums	—	—	—	—	230,671	—	230,671
Reinsurance recoverable	—	—	—	—	134,526	—	134,526
Accrued investment income	1,253	169	348	—	37,979	—	39,749
Deferred acquisition costs	—	—	—	—	199,380	—	199,380
Receivable for investments sold	26	1	68,537	—	152,270	—	220,834
Other assets	390,302	29,532	12,852	115,456	124,215	(491,346)	181,011
Goodwill and other intangible assets	137,064	—	—	—	128,090	—	265,154
Total assets	\$ 4,872,523	\$ 281,190	\$ 1,162,526	\$ 1,301,869	\$ 10,584,464	\$(6,647,285)	\$ 11,555,287
Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity							
Liabilities							
Reserve for claims and claim expenses	\$ —	\$ —	\$ —	\$ —	\$ 2,767,045	\$ —	\$ 2,767,045
Unearned premiums	—	—	—	—	889,102	—	889,102
Debt	117,000	—	268,196	545,187	147,112	(117,000)	960,495
Amounts due to subsidiaries and affiliates	2,641	202	204	68,204	—	(71,251)	—
Reinsurance balances payable	—	—	—	—	523,974	—	523,974
	999	6	25	—	390,348	—	391,378

Payable for investments purchased							
Other liabilities	19,699	1,148	6,620	—	222,320	(4,642	) 245,145
Total liabilities	140,339	1,356	275,045	613,391	4,939,901	(192,893	) 5,777,139
Redeemable noncontrolling interests	—	—	—	—	1,045,964	—	1,045,964
Shareholders' Equity							
Total shareholders' equity	4,732,184	279,834	887,481	688,478	4,598,599	(6,454,392	) 4,732,184
Total liabilities, redeemable noncontrolling interest and shareholders' equity	\$ 4,872,523	\$ 281,190	\$ 1,162,526	\$ 1,301,869	\$ 10,584,464	\$(6,647,285)	\$ 11,555,287

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

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Condensed Consolidating Statement of Operations for the three months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 351,402	\$ —	\$ 351,402
Net investment income	5,749	445	846	141	52,826	(5,883)	54,124
Net foreign exchange losses	(1)	—	—	—	(689)	—	(690)
Equity in earnings of other ventures	—	—	—	—	6,022	—	6,022
Other (loss) income	(791)	—	—	—	3,445	—	2,654
Net realized and unrealized gains on investments	799	1,139	3,414	—	64,420	—	69,772
Total revenues	5,756	1,584	4,260	141	477,426	(5,883)	483,284
Expenses							
Net claims and claim expenses incurred	—	—	—	—	167,750	—	167,750
Acquisition expenses	—	—	—	—	69,005	—	69,005
Operational expenses	(1,104)	44	64	4,573	50,352	(2,856)	51,073
Corporate expenses	5,181	203	—	7	361	—	5,752
Interest expense	141	—	1,477	6,544	2,515	(141)	10,536
Total expenses	4,218	247	1,541	11,124	289,983	(2,997)	304,116
Income (loss) before equity in net income of subsidiaries and taxes	1,538	1,337	2,719	(10,983)	187,443	(2,886)	179,168
Equity in net income of subsidiaries	141,677	1,666	12,086	17,165	—	(172,594)	—
Income before taxes	143,215	3,003	14,805	6,182	187,443	(175,480)	179,168
Income tax (expense) benefit	(1,294)	(906)	(838)	2,792	(6,366)	—	(6,612)
Net income	141,921	2,097	13,967	8,974	181,077	(175,480)	172,556
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(30,635)	—	(30,635)
Net income attributable to RenaissanceRe	141,921	2,097	13,967	8,974	150,442	(175,480)	141,921
Dividends on preference shares	(5,596)	—	—	—	—	—	(5,596)
Net income attributable to RenaissanceRe common shareholders	\$ 136,325	\$ 2,097	\$ 13,967	\$ 8,974	\$ 150,442	\$(175,480)	\$ 136,325

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2)Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income (loss)							
Net income	\$ 141,921	\$ 2,097	\$ 13,967	\$ 8,974	\$ 181,077	\$(175,480)	\$ 172,556
Change in net unrealized gains on investments	—	—	—	—	672	—	672
Comprehensive income	141,921	2,097	13,967	8,974	181,749	(175,480)	173,228
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(30,635)	—	(30,635)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(30,635)	—	(30,635)
Comprehensive income attributable to RenaissanceRe	\$ 141,921	\$ 2,097	\$ 13,967	\$ 8,974	\$ 151,114	\$(175,480)	\$ 142,593

(1)Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2)Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

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Condensed Consolidating Statement of Operations for the six months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	ReNorth America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 705,008	\$ —	\$ 705,008
Net investment income	12,607	954	2,279	281	78,632	(11,766)	82,987
Net foreign exchange losses	(2)	—	—	—	(2,380)	—	(2,382)
Equity in earnings of other ventures	—	—	—	—	7,633	—	7,633
Other (loss) income	(791)	—	—	—	7,524	—	6,733
Net realized and unrealized gains on investments	5,287	2,254	5,378	—	118,506	—	131,425
Total revenues	17,101	3,208	7,657	281	914,923	(11,766)	931,404
Expenses							
Net claims and claim expenses incurred	—	—	—	—	294,355	—	294,355
Acquisition expenses	—	—	—	—	134,597	—	134,597
Operational expenses	(1,805)	(97)	116	11,582	105,448	(7,936)	107,308
Corporate expenses	10,794	203	—	7	2,973	—	13,977
Interest expense	281	—	2,953	13,087	5,034	(281)	21,074
Total expenses	9,270	106	3,069	24,676	542,407	(8,217)	571,311
Income (loss) before equity in net income of subsidiaries and taxes	7,831	3,102	4,588	(24,395)	372,516	(3,549)	360,093
Equity in net income (loss) of subsidiaries	265,215	1,533	34,421	41,644	—	(342,813)	—
Income before taxes	273,046	4,635	39,009	17,249	372,516	(346,362)	360,093
Income tax benefit (expense)	2,465	(1,467)	(1,182)	5,671	(14,843)	—	(9,356)
Net income	275,511	3,168	37,827	22,920	357,673	(346,362)	350,737
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(75,226)	—	(75,226)
Net income attributable to RenaissanceRe	275,511	3,168	37,827	22,920	282,447	(346,362)	275,511
Dividends on preference shares	(11,191)	—	—	—	—	—	(11,191)
Net income attributable to RenaissanceRe common shareholders	\$ 264,320	\$ 3,168	\$ 37,827	\$ 22,920	\$ 282,447	\$ (346,362)	\$ 264,320

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(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income for the six months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income							
Net income	\$ 275,511	\$ 3,168	\$ 37,827	\$ 22,920	\$ 357,673	\$ (346,362)	\$ 350,737
Change in net unrealized gains on investments	—	—	—	—	229	—	229
Comprehensive income	275,511	3,168	37,827	22,920	357,902	(346,362)	350,966
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(75,226)	—	(75,226)
Comprehensive income attributable to noncontrolling interests	—	—	—	—	(75,226)	—	(75,226)
Comprehensive income attributable to RenaissanceRe	\$ 275,511	\$ 3,168	\$ 37,827	\$ 22,920	\$ 282,676	\$ (346,362)	\$ 275,740

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

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Condensed Consolidating Statement of Operations for the three months ended June, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenaissanceRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 379,828	\$ —	\$ 379,828
Net investment income	98	300	1,221	468	37,342	(825)	38,604
Net foreign exchange gains (losses)	12	—	—	—	(1,752)	—	(1,740)
Equity in earnings of other ventures	—	—	—	—	6,160	—	6,160
Other income	497	—	—	—	1,428	(498)	1,427
Net realized and unrealized (losses) gains on investments	(535)	609	(1,389)	—	(25,397)	—	(26,712)
Total revenues	72	909	(168)	468	397,609	(1,323)	397,567
Expenses							
Net claims and claim expenses incurred	—	—	—	—	169,344	—	169,344
Acquisition expenses	—	—	—	—	61,666	—	61,666
Operational expenses	(368)	1,588	—	—	53,460	(7)	54,673
Corporate expenses	7,351	212	—	84	5,221	—	12,868
Interest expense	468	3,557	1,477	2,784	2,044	(468)	9,862
Total expenses	7,451	5,357	1,477	2,868	291,735	(475)	308,413
(Loss) income before equity in net income of subsidiaries and taxes	(7,379)	(4,448)	(1,645)	(2,400)	105,874	(848)	89,154
Equity in net income of subsidiaries	84,472	2,132	8,716	4,613	—	(99,933)	—
Income (loss) before taxes	77,093	(2,316)	7,071	2,213	105,874	(100,781)	89,154
Income tax benefit (expense)	1,736	1,743	(1,451)	888	(1,074)	—	1,842
Net income (loss)	78,829	(573)	5,620	3,101	104,800	(100,781)	90,996
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(12,167)	—	(12,167)
Net income (loss) attributable to RenaissanceRe	78,829	(573)	5,620	3,101	92,633	(100,781)	78,829
Dividends on preference shares	(5,596)	—	—	—	—	—	(5,596)
Net income (loss) available (attributable) to RenaissanceRe common shareholders	\$ 73,233	\$ (573)	\$ 5,620	\$ 3,101	\$ 92,633	\$ (100,781)	\$ 73,233

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended June 30, 2015	Renaissance Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	Renaissance Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income (loss)							
Net income (loss)	\$ 78,829	\$ (573)	\$ 5,620	\$ 3,101	\$ 104,800	\$ (100,781)	\$ 90,996
Change in net unrealized gains on investments	—	—	—	—	(349)	—	(349)
Comprehensive income (loss)	78,829	(573)	5,620	3,101	104,451	(100,781)	90,647
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(12,167)	—	(12,167)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(12,167)	—	(12,167)
Comprehensive income (loss) attributable to RenaissanceRe	\$ 78,829	\$ (573)	\$ 5,620	\$ 3,101	\$ 92,284	\$ (100,781)	\$ 78,480

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

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Condensed Consolidating Statement of Operations for the six months ended June 30, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 676,588	\$ —	\$ 676,588
Net investment income	2,722	631	1,181	504	75,072	(1,799)	78,311
Net foreign exchange losses	2	—	—	—	(4,872)	—	(4,870)
Equity in earnings of other ventures	—	—	—	—	11,455	—	11,455
Other income	663	—	—	—	2,966	(663)	2,966
Net realized and unrealized (losses) gains on investments	(496)	1,015	(1,388)	—	15,906	—	15,037
Total revenues	2,891	1,646	(207)	504	777,115	(2,462)	779,487
Expenses							
Net claims and claim expenses incurred	—	—	—	—	246,197	—	246,197
Acquisition expenses	—	—	—	—	105,067	—	105,067
Operational expenses	3,441	3,478	1	—	93,380	(6)	100,294
Corporate expenses	31,837	251	—	84	26,229	—	58,401
Interest expense	763	7,233	1,969	3,006	2,711	(504)	15,178
Total expenses	36,041	10,962	1,970	3,090	473,584	(510)	525,137
(Loss) income before equity in net income of subsidiaries and taxes	(33,150)	(9,316)	(2,177)	(2,586)	303,531	(1,952)	254,350
Equity in net income of subsidiaries	285,417	5,548	10,126	48,515	—	(349,606)	—
Income (loss) before taxes	252,267	(3,768)	7,949	45,929	303,531	(351,558)	254,350
Income tax benefit (expense)	—	32,748	(2,146)	953	18,191	—	49,746
Net income	252,267	28,980	5,803	46,882	321,722	(351,558)	304,096
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(51,829)	—	(51,829)
Net income (loss) attributable to RenaissanceRe	252,267	28,980	5,803	46,882	269,893	(351,558)	252,267
Dividends on preference shares	(11,191)	—	—	—	—	—	(11,191)
Net income available to RenaissanceRe common	\$ 241,076	\$ 28,980	\$ 5,803	\$ 46,882	\$ 269,893	\$ (351,558)	\$ 241,076

shareholders

(1)Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2)Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income for the six months ended June 30, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income							
Net income	\$ 252,267	\$ 28,980	\$ 5,803	\$ 46,882	\$ 321,722	\$(351,558)	\$ 304,096
Change in net unrealized gains on investments	—	—	—	—	(423)	—	(423)
Comprehensive income	252,267	28,980	5,803	46,882	321,299	(351,558)	303,673
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(51,829)	—	(51,829)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(51,829)	—	(51,829)
Comprehensive income attributable to RenaissanceRe	\$ 252,267	\$ 28,980	\$ 5,803	\$ 46,882	\$ 269,470	\$(351,558)	\$ 251,844

(1)Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2)Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

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Condensed Consolidating Statement of Cash Flows for the six months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenaissanceRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows (used in) provided by operating activities						
Net cash (used in) provided by operating activities	\$ (11,131)	\$ 297	\$ (3,914)	\$ (24,197)	\$ 156,117	\$ 117,172
Cash flows provided by (used in) investing activities						
Proceeds from sales and maturities of fixed maturity investments trading	210,933	50,890	67,839	—	4,450,744	4,780,406
Purchases of fixed maturity investments trading	(324,462)	(105,772)	(203,883)	—	(4,350,703)	(4,984,820)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	5,216	5,216
Net (purchases) sales of equity investments trading	—	(2,195)	193,207	—	(9,378)	181,634
Net sales (purchases) of short term investments	195,915	62,403	(58,367)	—	45,948	245,899
Net purchases of other investments	—	—	—	—	(52,778)	(52,778)
Dividends and return of capital from subsidiaries	341,011	2,900	—	—	(343,911)	—
Contributions to subsidiaries	(95,001)	—	—	—	95,001	—
Due (from) to subsidiary	(22,676)	(14,396)	(92)	24,134	13,030	—
Net cash provided by (used in) investing activities	305,720	(6,170)	(1,296)	24,134	(146,831)	175,557
Cash flows used in financing activities						
Dividends paid – RenaissanceRe common shares	(26,198)	—	—	—	—	(26,198)
Dividends paid – preference shares RenaissanceRe common share repurchases	(11,191)	—	—	—	—	(11,191)
Net third party redeemable noncontrolling interest share transactions	(265,003)	—	—	—	—	(265,003)
Net cash used in financing activities	—	—	—	—	(43,909)	(43,909)
Effect of exchange rate changes on foreign currency cash	(302,392)	—	—	—	(43,909)	(346,301)
Net decrease in cash and cash equivalents	—	—	—	—	2,208	2,208
	(7,803)	(5,873)	(5,210)	(63)	(32,415)	(51,364)
	10,185	5,908	7,103	677	483,012	506,885

Cash and cash equivalents, beginning
of period

Cash and cash equivalents, end of period	\$ 2,382	\$ 35	\$ 1,893	\$ 614	\$ 450,597	\$ 455,521
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(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

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Condensed Consolidating Statement of Cash Flows for the six months ended June 30, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows provided by (used in) operating activities						
Net cash provided by (used in) operating activities	\$ 59,434	\$ (5,411)	\$ (10,030)	\$ (4,337)	\$ (69,026)	\$ (29,370)
Cash flows (used in) provided by investing activities						
Proceeds from sales and maturities of fixed maturity investments trading	14,718	7,016	45,087	—	4,695,154	4,761,975
Purchases of fixed maturity investments trading	(56,559)	(38,668)	—	—	(4,500,891)	(4,596,118)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	5,000	5,000
Net sales (purchases) of equity investments trading	—	33,687	(273,501)	—	73,329	(166,485)
Net (purchases) sales of short term investments	(1,088)	(5,848)	238,048	—	129,050	360,162
Net purchases of other investments	—	—	—	—	(1,250)	(1,250)
Net purchases of investments in other ventures	—	—	—	—	(45)	(45)
Net sales of other assets	—	—	—	—	4,500	4,500
Dividends and return of capital from subsidiaries	1,050,762	193,850	—	—	(1,244,612)	—
Contributions to subsidiaries	(231,964)	—	—	(180,000)	411,964	—
Due to (from) subsidiaries	114,266	(183,513)	(52)	(114,839)	184,138	—
Net purchase of Platinum	(904,433)	—	1,537	—	224,744	(678,152)
Net cash (used in) provided by investing activities	(14,298)	6,524	11,119	(294,839)	(18,919)	(310,413)
Cash flows (used in) provided by financing activities						
Dividends paid – RenaissanceRe common shares	(27,479)	—	—	—	—	(27,479)
Dividends paid – preference shares	(11,191)	—	—	—	—	(11,191)
RenaissanceRe common share repurchases	(736)	—	—	—	—	(736)
Net issuance of debt	—	—	—	299,400	146,189	445,589
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	(187,064)	(187,064)

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Net cash (used in) provided by financing activities	(39,406)	—	—	299,400	(40,875)	219,119
Effect of exchange rate changes on foreign currency cash	—	—	—	—	(6,830)	(6,830)
Net increase (decrease) in cash and cash equivalents	5,730	1,113	1,089	224	(135,650)	(127,494)
Cash and cash equivalents, beginning of period	5,986	1,033	—	—	518,565	525,584
Cash and cash equivalents, end of period	\$ 11,716	\$ 2,146	\$ 1,089	\$ 224	\$ 382,915	\$ 398,090

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

NOTE 14. SUBSEQUENT EVENTS

Subsequent to June 30, 2016 and through the period ended July 25, 2016, the Company repurchased 286 thousand common shares in open market transactions at an aggregate cost of \$33.1 million and at an average share price of \$115.66.

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

The following is a discussion and analysis of our results of operations for the three and six months ended June 30, 2016 and 2015, respectively. The following also includes a discussion of our liquidity and capital resources at June 30, 2016. This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in this filing and the audited consolidated financial statements and notes thereto contained in our Form 10-K for the fiscal year ended December 31, 2015. On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. Our results of operations for the first six months of 2016 included the results of Platinum for the period January 1, 2016 through June 30, 2016, compared to the first six months of 2015, which included the results of operations of Platinum for the period March 2, 2015 (the date of acquisition) through June 30, 2015. This filing contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from the results described or implied by these forward-looking statements. See "Note on Forward-Looking Statements."

OVERVIEW

RenaissanceRe is a leading global provider of reinsurance and insurance coverages and related services. Our aspiration is to be the world's best underwriter by matching well-structured risks with efficient sources of capital. Through our operating subsidiaries, we seek to produce superior returns for our shareholders by being a trusted, long-term partner to our customers for assessing and managing risk, and by delivering responsive solutions. We accomplish this by leveraging our core capabilities of risk assessment and information management, by investing in our capabilities to serve our customers across the cycles that have historically characterized our markets and by keeping our promises. Overall, our strategy focuses on superior risk selection, superior customer relationships and superior capital management. We provide value to our customers and joint venture partners in the form of financial security, innovative products, and responsive service. We are known as a leader in paying valid reinsurance claims promptly. We principally measure our financial success through long-term growth in tangible book value per common share plus the change in accumulated dividends, which we believe is the most appropriate measure of our financial performance, and believe we have delivered superior performance in respect of this measure over time.

Our core products include property catastrophe and specialty reinsurance risks written through our wholly owned operating subsidiaries, joint ventures and Syndicate 1458; and certain insurance products primarily written through Syndicate 1458. We believe we are one of the world's leading providers of property catastrophe reinsurance. We also believe we have a strong position in certain specialty reinsurance lines of business and a growing presence in the Lloyd's marketplace. Our reinsurance and insurance products are principally distributed through intermediaries, with whom we seek to cultivate strong long-term relationships. We continually explore appropriate and efficient ways to address the risk needs of our clients. We have created and managed, and continue to manage, multiple capital vehicles and may create additional risk bearing vehicles in the future. As our product and geographical diversity increases, we may be exposed to new risks, uncertainties and sources of volatility.

Since a meaningful portion of the reinsurance and insurance we write provides protection from damages relating to natural and man-made catastrophes, our results depend to a large extent on the frequency and severity of such catastrophic events, and the coverages we offer to customers affected by these events. We are exposed to significant losses from these catastrophic events and other exposures we cover. Accordingly, we expect a significant degree of volatility in our financial results and our financial results may vary significantly from quarter-to-quarter and from year-to-year, based on the level of insured catastrophic losses occurring around the world. Our acquisition of Platinum accelerated the growth of our U.S. platform by expanding our client base and enhancing our U.S. market presence in our casualty and specialty reinsurance lines of business. Accordingly, these lines of business currently and may in the future continue to represent a greater proportion of our premiums and claims and claim expenses and generate a higher percentage of our returns than they did historically.

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

Our expenses primarily consist of: (1) net claims and claim expenses incurred on the policies of reinsurance and insurance we sell; (2) acquisition costs which typically represent a percentage of the premiums we write; (3) operating expenses which primarily consist of personnel expenses, rent and other operating expenses; (4) corporate expenses which include certain executive, legal and consulting expenses, costs for research and development, transaction and integration-related expenses, and other miscellaneous costs, including those associated with operating as a publicly traded company; (5) redeemable noncontrolling interests, which represent the interests of third parties with respect to the net income of DaVinciRe and Medici; and (6) interest and dividend costs related to our debt and preference shares. We are also subject to taxes in certain jurisdictions in which we operate. Since the majority of our income is currently earned in Bermuda, which does not have a corporate income tax, the tax impact to our operations has historically been minimal, however, in the future, our net tax exposure may increase as our operations expand geographically.

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

Segments

Our business consists of the following reportable segments: (1) Catastrophe Reinsurance, which includes catastrophe reinsurance and certain property catastrophe joint ventures managed by our ventures unit; (2) Specialty Reinsurance, which includes specialty reinsurance and certain specialty joint ventures managed by our ventures unit; and (3) Lloyd's, which includes reinsurance and insurance business written through Syndicate 1458. In addition, our Other category primarily includes our strategic investments, investments in other ventures, investments unit, corporate expenses, capital servicing costs, redeemable noncontrolling interests, certain expenses related to the acquisition of Platinum, and the remnants of our Bermuda-based insurance operations.

The underwriting results of Platinum are included in the Company's Catastrophe Reinsurance and Specialty Reinsurance segments from March 2, 2015.

Catastrophe Reinsurance Segment

Property catastrophe reinsurance is our traditional core business, and is principally written through our wholly owned subsidiaries and our joint ventures. We believe we are one of the world's leading providers of this coverage, based on total catastrophe gross premiums written. This coverage protects against large natural catastrophes, such as earthquakes, hurricanes and tsunamis, as well as claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, fires, wind storms, tornadoes, explosions and acts of terrorism. We offer this coverage to insurance companies and other reinsurers primarily on an excess of loss basis. This means we begin paying when our customers' claims from a catastrophe exceed a certain retained amount. We also offer proportional coverages and other structures on a catastrophe-exposed basis and may increase these offerings on an absolute or relative basis in the future.

Specialty Reinsurance Segment

We write specialty reinsurance through our wholly owned subsidiaries and our joint ventures, covering principally certain targeted classes of business where we believe we have a sound basis for underwriting and pricing the risk we assume. Our portfolio includes 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 believe we are seen as a market leader in certain of these classes of business. In recent years, we have expanded our specialty reinsurance operations, and we plan to continue to expand these operations over time. The acquisition of Platinum accelerated our strategy with respect to specialty reinsurance and we have experienced and expect to continue to experience growth in lines of business such as accident and health, multi-line regional and traditional workers compensation, and increase our presence within certain existing lines of business, including casualty clash, environmental liability, general liability, medical malpractice, professional indemnity and other casualty lines of business. However, we cannot assure you we will succeed in growing these operations or that any growth we do attain will be profitable, or will contribute meaningfully to our results or financial condition, particularly in light of current and forecasted market conditions. Our specialty reinsurance premiums are prone to significant volatility as this business can be influenced by a small number of relatively large transactions. As with our catastrophe business, our team of experienced professionals seeks to underwrite these lines using a disciplined underwriting approach and sophisticated analytical tools.

Lloyd's Segment

Our Lloyd's segment includes insurance and reinsurance business written for our own account through Syndicate 1458. The syndicate enhances our underwriting platform by providing access to Lloyd's extensive distribution network and worldwide licenses. RenaissanceRe CCL, an indirect wholly owned subsidiary of the Company, is the sole corporate member of Syndicate 1458. RenaissanceRe Syndicate Management Limited ("RSML"), a wholly owned subsidiary of RenaissanceRe, is the managing agent for Syndicate 1458. Syndicate 1458's absolute and relative contributions to our consolidated results of operations have increased in recent years and we expect this trend to continue over time, although we cannot assure you we will succeed in executing our growth strategy in respect of Syndicate 1458, or that its results will be profitable, particularly in light of current and forecasted market conditions.

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. Syndicate 1458 may seek to expand its coverages and capacity over time. As with our catastrophe and specialty reinsurance business, Syndicate 1458 frequently provides coverage for relatively large limits or exposures, and thus it is subject to potentially significant claims volatility.

Other

Our Other category primarily includes the results of: (1) our share of strategic investments, and other ventures, in certain markets we believe offer attractive risk-adjusted returns or where we believe our investment adds value, and where, rather than assuming exclusive management responsibilities ourselves, we partner with other market participants; (2) our investment unit which manages and invests the funds generated by our consolidated operations; (3) corporate expenses, capital services costs, certain expenses related to the acquisition of Platinum and redeemable noncontrolling interests; and (4) the remnants of our Bermuda-based insurance operations.

Ventures

We pursue a number of other opportunities through our ventures unit, which has responsibility for creating and managing our joint ventures, executing customized reinsurance transactions to assume or cede risk and managing certain investments directed at classes of risk other than catastrophe reinsurance.

New Business

From time to time we consider diversification into new ventures, either through organic growth, the formation of new joint ventures, or the acquisition of or the investment in other companies or books of business of other companies. This potential diversification includes opportunities to write targeted, additional classes of risk-exposed business, both directly for our own account and through new joint venture opportunities. We also regularly evaluate potential strategic opportunities we believe might utilize our skills,

capabilities, proprietary technology and relationships to support possible expansion into further risk-related coverages, services and products. Generally, we focus on underwriting or trading risks where we believe reasonably sufficient data is available and our analytical abilities provide us with a competitive advantage, in order for us to seek to model estimated probabilities of losses and returns in accordance with our approach in respect of our then current portfolio of risks.

We regularly review potential strategic transactions that might improve our portfolio of business, enhance or focus our strategies, expand our distribution or capabilities, or provide other benefits. In evaluating potential new ventures or investments, we generally seek an attractive estimated return on equity, the ability to develop or capitalize on a competitive advantage, and opportunities which we believe will not detract from our core operations. We believe that our ability to potentially attract investment and operational opportunities is supported by our strong reputation and financial resources, and by the capabilities and track record of our ventures unit.

Risk Management

We seek to develop and effectively utilize sophisticated computer models and other analytical tools to assess and manage the risks we underwrite and attempt to optimize our portfolio of reinsurance and insurance contracts and other financial risks. Our Chief Risk Officer, who reports directly to our Chief Executive Officer and President, oversees our policies, procedures, tools and resources used to monitor and assess our operational risks company wide, as well as our global enterprise-wide risk management practices.

With respect to our Reinsurance operations, we have developed and continuously seek to improve our proprietary, computer-based pricing and exposure management system, REMS©. We believe that REMS©, as updated from time to time, is a more robust underwriting and risk management system than is currently commercially available elsewhere in the reinsurance industry and offers us a significant competitive advantage.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting estimates include "Claims and Claim Expense Reserves", "Premiums and Related Expenses", "Reinsurance Recoverables", "Fair Value Measurements and Impairments" and "Income Taxes", and are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the year ended December 31, 2015. There have been no material changes to our critical accounting estimates as disclosed in our Form 10-K for the year ended December 31, 2015.

SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the second quarter of 2016, compared to the second quarter of 2015.

Three months ended June 30, (in thousands, except per share amounts and percentages)	2016	2015	Change	
Statement of operations highlights				
Gross premiums written	\$759,128	\$661,997	\$97,131	
Net premiums written	\$519,916	\$508,677	\$11,239	
Net premiums earned	\$351,402	\$379,828	\$(28,426)	
Net claims and claim expenses incurred	167,750	169,344	(1,594)	
Acquisition expenses	69,005	61,666	7,339	
Operational expenses	51,073	54,673	(3,600)	
Underwriting income	\$63,574	\$94,145	\$(30,571)	
Net investment income	\$54,124	\$38,604	\$15,520	
Net realized and unrealized gains (losses) on investments	69,772	(26,712)	96,484	
Change in net unrealized gains on fixed maturity investments available for sale	(90)	(560)	470	
Total investment result	\$123,806	\$11,332	\$112,474	
Net income	\$172,556	\$90,996	\$81,560	
Net income available to RenaissanceRe common shareholders	\$136,325	\$73,233	\$63,092	
Net income available to RenaissanceRe common shareholders per common share – diluted	\$3.22	\$1.59	\$1.63	
Dividends per common share	\$0.31	\$0.30	\$0.01	
Key ratios				
Net claims and claim expense ratio – current accident year	56.1	% 53.3	% 2.8	%
Net claims and claim expense ratio – prior accident years	(8.4 )	)% (8.7 )	)% 0.3	%
Net claims and claim expense ratio – calendar year	47.7	% 44.6	% 3.1	%
Underwriting expense ratio	34.2	% 30.6	% 3.6	%
Combined ratio	81.9	% 75.2	% 6.7	%
Return on average common equity - annualized	12.6	% 6.6	% 6.0	%
Book value	June 30, 2016	March 31, 2016	Change	
Book value per common share	\$103.70	\$101.19	\$2.51	
Accumulated dividends per common share	16.10	15.79	0.31	
Book value per common share plus accumulated dividends	\$119.80	\$116.98	\$2.82	
Change in book value per common share plus change in accumulated dividends	2.8	%		
Balance sheet highlights	June 30, 2016	March 31, 2016	Change	
Total assets	\$12,544,763	\$12,153,913	\$390,850	
Total shareholders' equity attributable to RenaissanceRe	\$4,703,217	\$4,760,593	\$(57,376)	

Net income available to RenaissanceRe common shareholders was \$136.3 million in the second quarter of 2016, compared to \$73.2 million in the second quarter of 2015, an increase of \$63.1 million. As a result of our net income available to RenaissanceRe common shareholders in the second quarter of 2016, we generated an annualized return on average common equity of 12.6% and our book value per common share increased from \$101.19 at March 31, 2016 to \$103.70 at June 30, 2016, a 2.8% increase, after considering the change in accumulated dividends paid to our common shareholders and the impact of 1.7 million common shares being repurchased in open market transactions, as detailed in “Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds”.

The most significant events affecting our financial performance during the second quarter of 2016, on a comparative basis to the second quarter of 2015, include:

Higher Investment Results - our total investment result, which includes the sum of net investment income and net realized and unrealized gains on investments, was \$123.8 million in the second quarter of 2016, compared to \$11.3 million in the second quarter of 2015, an increase of \$112.5 million. The total investment result during the second quarter of 2016 was primarily driven by net unrealized gains in our portfolio of fixed maturity investments trading, principally the result of a decrease in U.S. treasury yields and a flattening of the yield curve during the quarter, combined with an increase in net investment income in our portfolio of fixed maturity investments, driven by an increase in average invested assets in that portfolio, and net realized and unrealized gains on equity investments trading as a result of the strong performance of a number of our equity positions during the quarter. Partially offsetting these items were net realized and unrealized losses on certain investments-related derivatives due to the flattening of the yield curve, noted above; partially offset by

Lower Underwriting Income - we generated underwriting income of \$63.6 million and a combined ratio of 81.9% in the second quarter of 2016, compared to \$94.1 million and 75.2% in the second quarter of 2015, respectively. The increase in the combined ratio was primarily driven by an increase in net claims and claim expenses and acquisition expenses, adding 3.1 and 3.6 percentage points, respectively, to the combined ratio. Included in net claims and claim expenses in the second quarter of 2016 was \$32.8 million of net claims and claim expenses associated with a number of weather-related events in Texas (the “2016 Texas Events”) and \$28.1 million associated with the wildfire originating near Fort McMurray, Alberta (the “Fort McMurray Wildfire”). The net negative impact of these events on our consolidated underwriting result was \$50.4 million, and added 15.4 percentage points to our consolidated combined ratio. The net negative impact of these events on our net income available to RenaissanceRe common shareholders was \$41.1 million. See below for additional information related to the 2016 Texas Events and the Fort McMurray Wildfire; and

Higher Net Income Attributable to Redeemable Noncontrolling Interests - our net income attributable to redeemable noncontrolling interests was \$30.6 million in the second quarter of 2016, compared to \$12.2 million in the second quarter of 2015, principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015.

Net Negative Impact of the 2016 Texas Events and the Fort McMurray Wildfire

Net negative impact includes the sum of estimates of net claims and claim expenses incurred, earned reinstatement premiums assumed and ceded, lost profit commissions and redeemable noncontrolling interest - DaVinci Re. Our estimates of the 2016 Texas Events and the Fort McMurray Wildfire are based on a review of our potential exposures, preliminary discussions with certain counterparties and catastrophe modeling techniques. Given the magnitude and recent occurrence of these catastrophe events, delays in receiving claims data, the contingent nature of business interruption and other exposures, potential uncertainties relating to reinsurance recoveries and other uncertainties inherent in loss estimation, meaningful uncertainty remains regarding losses from these events. Accordingly, our actual net negative impact from these events will vary from these estimates, perhaps significantly. Changes in these estimates will be recorded in the period in which they occur.

The supplemental financial data below provides additional information detailing the net negative impact of the 2016 Texas Events and the Fort McMurray Wildfire on our consolidated financial statements for the three months ended June 30, 2016.

Three months ended June 30, 2016	2016 Texas Events	Fort McMurray Wildfire	Total
(in thousands, except percentages)			
Net claims and claim expenses incurred	\$(32,821)	\$(28,061)	\$(60,882)
Assumed reinstatement premiums earned	6,102	5,251	11,353
Ceded reinstatement premiums earned	—	(71)	(71)
Lost profit commissions	(477)	(370)	(847)
Net negative impact on underwriting result	(27,196)	(23,251)	(50,447)
Redeemable noncontrolling interest - DaVinciRe	5,124	4,247	9,371
Net negative impact	\$(22,072)	\$(19,004)	\$(41,076)
Percentage point impact on consolidated combined ratio	8.2	7.0	15.4
Net negative impact on Catastrophe Reinsurance segment underwriting result	\$(24,402)	\$(18,763)	\$(43,165)
Net negative impact on Specialty Reinsurance segment underwriting result	(1,901)	(500)	(2,401)
Net negative impact on Lloyd's segment underwriting result	(893)	(3,988)	(4,881)
Net negative impact on underwriting result	\$(27,196)	\$(23,251)	\$(50,447)

Underwriting Results by Segment

Catastrophe Reinsurance

Below is a summary of the underwriting results and ratios for our Catastrophe Reinsurance segment:

Three months ended June 30, (in thousands, except percentages)	2016	2015	Change	
Gross premiums written	\$397,454	\$385,366	\$12,088	
Net premiums written	\$255,645	\$270,490	\$(14,845)	
Net premiums earned	\$141,616	\$162,705	\$(21,089)	
Net claims and claim expenses incurred	56,131	55,376	755	
Acquisition expenses	16,227	19,314	(3,087)	
Operational expenses	18,685	22,090	(3,405)	
Underwriting income	\$50,573	\$65,925	\$(15,352)	
Net claims and claim expenses incurred – current accident year	\$70,321	\$67,334	\$2,987	
Net claims and claim expenses incurred – prior accident years	(14,190)	(11,958)	(2,232)	
Net claims and claim expenses incurred – total	\$56,131	\$55,376	\$755	
Net claims and claim expense ratio – current accident year	49.7	% 41.4	% 8.3	%
Net claims and claim expense ratio – prior accident years	(10.1))% (7.4))% (2.7))%
Net claims and claim expense ratio – calendar year	39.6	% 34.0	% 5.6	%
Underwriting expense ratio	24.7	% 25.5	% (0.8))%
Combined ratio	64.3	% 59.5	% 4.8	%

Catastrophe Reinsurance Gross Premiums Written – In the second quarter of 2016, our Catastrophe Reinsurance segment gross premiums written increased by \$12.1 million, or 3.1%, to \$397.5 million, compared to \$385.4 million in the second quarter of 2015. Market conditions remained challenging during

the second quarter of 2016, however we were able to increase our participation on a select number of transactions we believe have comparably attractive risk-return attributes, while continuing to exercise underwriting discipline given prevailing market terms and conditions. Included in gross premiums written in the Catastrophe Reinsurance segment in the second quarter of 2016 was \$10.9 million of reinstatement premiums associated with the 2016 Texas Events and the Fort McMurray Wildfire.

Our Catastrophe Reinsurance segment gross premiums written continue to be characterized by a large percentage of U.S. and Caribbean premium, as we have found business derived from exposures in Europe, Asia and the rest of the world to be, in general, less attractive on a risk-adjusted basis during recent periods. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, notably U.S. Atlantic windstorms, as well as earthquakes and other natural and man-made catastrophes.

Catastrophe Reinsurance Ceded Premiums Written – Ceded premiums written in our Catastrophe Reinsurance segment were \$141.8 million in the second quarter of 2016, compared to \$114.9 million in the second quarter of 2015, an increase of \$26.9 million, or 23.4%, primarily reflecting an increase in purchases of retrocessional reinsurance given prevailing market conditions.

Catastrophe Reinsurance Underwriting Results – Our Catastrophe Reinsurance segment generated underwriting income of \$50.6 million in the second quarter of 2016, compared to \$65.9 million in the second quarter of 2015, a decrease of \$15.4 million. In the second quarter of 2016, our Catastrophe Reinsurance segment generated a net claims and claim expense ratio of 39.6%, an underwriting expense ratio of 24.7% and a combined ratio of 64.3%, compared to 34.0%, 25.5% and 59.5%, respectively, in the second quarter of 2015.

Underwriting income in our Catastrophe Reinsurance segment during the second quarter of 2016, compared to the second quarter of 2015, was principally impacted by a \$21.1 million decrease in net premiums earned, partially offset by a \$6.5 million decrease in underwriting expenses. Net claims and claim expenses increased \$0.8 million in the second quarter of 2016, compared to the second quarter of 2015, and included \$29.7 million and \$23.5 million of net claims and claim expenses associated with the 2016 Texas Events and the Fort McMurray Wildfire, respectively. The net negative impact on the Catastrophe Reinsurance segment underwriting result of the 2016 Texas Events and the Fort McMurray Wildfire was \$43.2 million, and these events increased the Catastrophe Reinsurance segment combined ratio by 36.0 percentage points.

We experienced \$14.2 million of favorable development on prior year reserves within our Catastrophe Reinsurance segment during the second quarter of 2016, compared to \$12.0 million in the second quarter of 2015, principally driven by a reduction in ultimate losses on a number of relatively small catastrophe events from 2015.

We have entered into joint ventures and specialized quota share cessions for portions of our book of business. In accordance with the joint venture and quota share agreements, we are entitled to certain profit commissions and fee income. We record these profit commissions and fees as a reduction in acquisition and operating expenses, respectively, and, accordingly, these fees have reduced our underwriting expense ratios. These fees totaled \$19.8 million and \$6.3 million in the second quarter of 2016 and 2015, respectively, and resulted in a corresponding decrease to the Catastrophe Reinsurance segment underwriting expense ratio of 14.0% and 3.9%, respectively. In addition, we are entitled to certain fee income and profit commissions from DaVinci. Because the results of DaVinci, and its parent DaVinciRe, are consolidated in our results of operations, these fees and profit commissions are eliminated in our consolidated financial statements and are principally reflected in redeemable noncontrolling interest. The net impact of all fees and profit commissions related to these joint ventures and specialized quota share cessions within our Catastrophe Reinsurance segment was \$28.7 million and \$15.3 million in the second quarter of 2016 and 2015, respectively.

Specialty Reinsurance

Below is a summary of the underwriting results and ratios for our Specialty Reinsurance segment:

Three months ended June 30, (in thousands, except percentages)	2016	2015	Change
Gross premiums written	\$200,733	\$160,013	\$40,720
Net premiums written	\$132,420	\$139,867	\$(7,447)
Net premiums earned	\$137,168	\$155,584	\$(18,416)
Net claims and claim expenses incurred	67,701	86,062	(18,361)
Acquisition expenses	34,127	28,251	5,876
Operational expenses	19,959	18,747	1,212
Underwriting income	\$15,381	\$22,524	\$(7,143)
Net claims and claim expenses incurred – current accident year	\$85,117	\$104,315	\$(19,198)
Net claims and claim expenses incurred – prior accident years	(17,416)	(18,253)	837
Net claims and claim expenses incurred – total	\$67,701	\$86,062	\$(18,361)
Net claims and claim expense ratio – current accident year	62.1	% 67.0	% (4.9)%
Net claims and claim expense ratio – prior accident years	(12.7)%	(11.7)%	(1.0)%
Net claims and claim expense ratio – calendar year	49.4	% 55.3	% (5.9)%
Underwriting expense ratio	39.4	% 30.2	% 9.2 %
Combined ratio	88.8	% 85.5	% 3.3 %

Specialty Reinsurance Gross Premiums Written – In the second quarter of 2016, our Specialty Reinsurance segment gross premiums written increased \$40.7 million, or 25.4%, to \$200.7 million, compared to \$160.0 million in the second quarter of 2015, principally driven by an increase in our credit lines of business. 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 June 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 \$48.2 million to \$68.3 million in the second quarter of 2016, compared to \$20.1 million in the second quarter of 2015, primarily reflecting an increase in the purchase of retrocessional reinsurance given prevailing market conditions.

Specialty Reinsurance Underwriting Results – Our Specialty Reinsurance segment generated underwriting income of \$15.4 million in the second quarter of 2016, compared to \$22.5 million in the second quarter of 2015. In the second quarter of 2016, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 49.4%, an underwriting expense ratio of 39.4% and a combined ratio of 88.8%, compared to 55.3%, 30.2% and 85.5%, respectively, in the second quarter of 2015.

Our Specialty Reinsurance segment's combined ratio was impacted by a 9.2 percentage point increase in the underwriting expense ratio in the second quarter of 2016, compared to the second quarter of 2015, partially offset by a 5.9 percentage point decrease in the net claims and claim expense ratio in the second

quarter of 2016, compared to the second quarter of 2015, principally driven by a \$19.2 million decrease in current accident year net claims and claim expenses.

We experienced \$17.4 million of favorable development on prior accident years net claims and claim reserves within our Specialty Reinsurance segment during the second quarter of 2016, compared to \$18.3 million in the second quarter of 2015. The favorable development on prior accident years net claims and claim expenses of \$17.4 million in the second quarter 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:

Three months ended June 30, (in thousands, except percentages)	2016	2015	Change	
Gross premiums written	\$160,941	\$116,618	\$44,323	
Net premiums written	\$131,851	\$98,320	\$33,531	
Net premiums earned	\$72,618	\$61,539	\$11,079	
Net claims and claim expenses incurred	43,832	27,683	16,149	
Acquisition expenses	18,651	14,210	4,441	
Operational expenses	12,408	13,719	(1,311)	
Underwriting (loss) income	\$(2,273)	\$5,927	\$(8,200)	
Net claims and claim expenses incurred – current accident year	\$41,567	\$30,771	\$10,796	
Net claims and claim expenses incurred – prior accident years	2,265	(3,088)	5,353	
Net claims and claim expenses incurred – total	\$43,832	\$27,683	\$16,149	
Net claims and claim expense ratio – current accident year	57.2	% 50.0	% 7.2	%
Net claims and claim expense ratio – prior accident years	3.2	% (5.0)	% 8.2	%
Net claims and claim expense ratio – calendar year	60.4	% 45.0	% 15.4	%
Underwriting expense ratio	42.7	% 45.4	% (2.7)	%
Combined ratio	103.1	% 90.4	% 12.7	%

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Lloyd's Gross Premiums Written – Gross premiums written in our Lloyd's segment increased \$44.3 million, or 38.0%, to \$160.9 million in the second quarter of 2016, compared to \$116.6 million in the second quarter of 2015, primarily due to Syndicate 1458 continuing to grow organically in the Lloyd's marketplace, notwithstanding challenging overall market conditions.

Lloyd's Underwriting Results – Our Lloyd's segment incurred an underwriting loss of \$2.3 million and a combined ratio of 103.1% in the second quarter of 2016, compared to an underwriting loss of \$5.9 million and a combined ratio of 90.4% in the second quarter of 2015.

Impacting the combined ratio in our Lloyd's segment during the second quarter of 2016, compared to the second quarter of 2015, was a 7.2 and 8.2 percentage point increase in the current year and prior accident years net claims and claim expense ratios, respectively, partially offset by a 2.7 percentage point decrease in the underwriting expense ratio. Included in current accident year net claims and claim expenses was \$5.3 million associated with the 2016 Texas Events and the Fort McMurray Wildfire, which increased the Lloyd's segment combined ratio by 6.7 percentage points.

Our Lloyd's segment experienced \$2.3 million of adverse development on prior accident years net claims and claim expenses in the second quarter of 2016, compared to favorable development of \$3.1 million in the second quarter of 2015, principally driven by actual reported loss activity coming in slightly higher than expected.

Net Investment Income

Three months ended June 30, 2016 (in thousands)	2015	Change	
Fixed maturity investments	\$46,091	\$33,791	\$12,300
Short term investments	1,227	297	930
Equity investments trading	865	1,913	(1,048)
Other investments			
Private equity investments	4,356	5,425	(1,069)
Other	5,035	674	4,361
Cash and cash equivalents	209	127	82
	57,783	42,227	15,556
Investment expenses	(3,659)	(3,623)	(36)
Net investment income	\$54,124	\$38,604	\$15,520

Net investment income was \$54.1 million in the second quarter of 2016, compared to \$38.6 million in the second quarter of 2015. Impacting our net investment income for the second quarter of 2016 was higher net investment income in our portfolio of fixed maturity investments, primarily driven by higher average invested assets in that portfolio, and higher net investment income in our portfolio of other investments, principally driven by higher returns from catastrophe bonds.

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 \$5.0 million in the second quarter of 2016, compared to unrealized losses of \$1.6 million in the second quarter of 2015.

Net Realized and Unrealized Gains (Losses) on Investments

Three months ended June 30, (in thousands)	2016	2015	Change
Gross realized gains	\$22,661	\$8,672	\$13,989
Gross realized losses	(7,804)	(21,552)	13,748
Net realized gains (losses) on fixed maturity investments	14,857	(12,880)	27,737
Net unrealized gains (losses) on fixed maturity investments trading	44,271	(48,104)	92,375
Net realized and unrealized (losses) gains on investments-related derivatives	(9,151)	19,816	(28,967)
Net realized gains on equity investments trading	14,729	8,832	5,897
Net unrealized gains on equity investments trading	5,066	5,624	(558)
Net realized and unrealized gains (losses) on investments	\$69,772	\$(26,712)	\$96,484

Our investment portfolio strategy seeks 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 \$69.8 million in the second quarter of 2016, compared to net realized and unrealized losses of \$26.7 million in the second quarter of 2015, an increase of \$96.5 million. Included in net realized and unrealized gains on investments are the following components:

net realized and unrealized gains on our fixed maturity investments trading of \$59.1 million during the second quarter of 2016, compared to net unrealized losses of \$61.0 million in the second quarter of 2015, an improvement of \$120.1 million, principally driven by a flattening yield curve during the second quarter of 2016 resulting in net realized and unrealized gains, compared to the second quarter of 2015 when the yield curve shifted upwards significantly leading to net realized and unrealized losses, partially offset by corresponding net realized and unrealized losses on certain investments-related derivatives of \$9.2 million in the second quarter of 2016, compared to gains of \$19.8 million in the second quarter of 2015, a deterioration of \$29.0 million; and net realized and unrealized gains on equity investments trading of \$19.8 million in the second quarter of 2016, compared to net realized and unrealized gains of \$14.5 million in the second quarter of 2015, driven by strong performance of a number of the Company's equity positions during the second quarter of 2016.

Equity in Earnings of Other Ventures

Three months ended June 30, (in thousands)	2016	2015	Change
Tower Hill Companies	\$3,846	\$4,294	\$(448)
Top Layer Re	2,265	2,174	91
Other	(89)	(308)	219
Total equity in earnings of other ventures	\$6,022	\$6,160	\$(138)

Equity in earnings of other ventures primarily represents our pro-rata share of the net income from our investments in Tower Hill Insurance Group, LLC, Tower Hill Holdings, Inc., Tower Hill Re Ltd. and Tower Hill Signature Insurance Holdings, Inc. (collectively, the "Tower Hill Companies") and Top Layer Re, and, except for Top Layer Re, is recorded one quarter in arrears.

Equity in earnings of other ventures was \$6.0 million in the second quarter of 2016, compared to \$6.2 million in the second quarter of 2015.

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

Three months ended June 30, (in thousands)	2016	2015	Change
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	\$3,492	\$1,162	\$2,330
Other items	(838)	265	(1,103)
Total other income	\$2,654	\$1,427	\$1,227

In the second quarter of 2016, we generated other income of \$2.7 million, compared to other income of \$1.4 million in the second quarter of 2015.

Corporate Expenses

Three months ended June 30, (in thousands)	2016	2015	Change
Total corporate expenses	\$5,752	\$12,868	\$(7,116)

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 were \$5.8 million in the second quarter of 2016, compared to \$12.9 million in the second quarter of 2015, primarily reflecting a decrease to \$0.2 million of corporate expenses associated with the acquisition

and integration of Platinum incurred during the second quarter of 2016, compared to \$7.8 million in the second quarter of 2015.

Income Tax (Expense) Benefit

Three months ended June 30,	2016	2015	Change
(in thousands)			
Income tax (expense) benefit	\$(6,612)	\$1,842	\$(8,454)

We recognized an income tax expense of \$6.6 million in the second quarter of 2016, compared to an income tax benefit of \$1.8 million in the second quarter of 2015, principally driven by taxable income in our U.S.-domiciled operations.

Net Income Attributable to Redeemable Noncontrolling Interests

Three months ended June 30,	2016	2015	Change
(in thousands)			
Net income attributable to redeemable noncontrolling interests	\$(30,635)	\$(12,167)	\$(18,468)

Our net income attributable to redeemable noncontrolling interests was \$30.6 million in the second quarter of 2016, compared to \$12.2 million in the second quarter of 2015, principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015. We expect our ownership in DaVinciRe to fluctuate over time.

SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the six months ended June 30, 2016, compared to the six months ended June 30, 2015.

Six months ended June 30, (in thousands, except per share amounts and percentages)	2016	2015	Change	
Statement of operations highlights				
Gross premiums written	\$1,621,261	\$1,305,575	\$315,686	
Net premiums written	\$1,031,591	\$912,712	\$118,879	
Net premiums earned	\$705,008	\$676,588	\$28,420	
Net claims and claim expenses incurred	294,355	246,197	48,158	
Acquisition expenses	134,597	105,067	29,530	
Operational expenses	107,308	100,294	7,014	
Underwriting income	\$168,748	\$225,030	\$(56,282)	
Net investment income	\$82,987	\$78,311	\$4,676	
Net realized and unrealized gains (losses) on investments	131,425	15,037	116,388	
Change in net unrealized gains on fixed maturity investments available for sale	(359)	(743)	384	
Total investment result	\$214,053	\$92,605	\$121,448	
Net income	\$350,737	\$304,096	\$46,641	
Net income available to RenaissanceRe common shareholders	\$264,320	\$241,076	\$23,244	
Net income available to RenaissanceRe common shareholders per common share – diluted	\$6.16	\$5.56	\$0.60	
Dividends per common share	\$0.62	\$0.60	\$0.02	
Key ratios				
Net claims and claim expense ratio – current accident year	46.1	% 44.5	% 1.6	%
Net claims and claim expense ratio – prior accident years	(4.3)	% (8.1)	% 3.8	%
Net claims and claim expense ratio – calendar year	41.8	% 36.4	% 5.4	%
Underwriting expense ratio	34.3	% 30.3	% 4.0	%
Combined ratio	76.1	% 66.7	% 9.4	%
Return on average common equity - annualized	12.2	% 11.8	% 0.4	%
Book value				
Book value	June 30, 2016	December 31, 2015	Change	
Book value per common share	\$103.70	\$99.13	\$4.57	
Accumulated dividends per common share	16.10	15.48	0.62	
Book value per common share plus accumulated dividends	\$119.80	\$114.61	\$5.19	
Change in book value per common share plus change in accumulated dividends	5.2	%		
Balance sheet highlights				
Balance sheet highlights	June 30, 2016	December 31, 2015	Change	
Total assets	\$12,544,763	\$11,555,287	\$989,476	
Total shareholders' equity attributable to RenaissanceRe	\$4,703,217	\$4,732,184	\$(28,967)	

Net income available to RenaissanceRe common shareholders was \$264.3 million in the first six months of 2016, compared to \$241.1 million in the first six months of 2015, an increase of \$23.2 million. As a result of our net income available to RenaissanceRe common shareholders in the first six months of 2016, we generated an annualized return on average common equity of 12.2% and our book value per common share increased from \$99.13 at December 31, 2015 to \$103.70 at June 30, 2016, a 5.2% increase, after considering the change in accumulated dividends paid to our common shareholders, and the impact of repurchasing an aggregate of 2.4 million common shares in open market transactions, as detailed in “Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds”.

The most significant events affecting our financial performance during the first six months of 2016, on a comparative basis to the first six months of 2015, include:

Higher Investment Results - our total investment result of \$214.1 million in the first six months of 2016, which includes the sum of net investment income, net realized and unrealized gains on investments, and the change in net unrealized gains on fixed maturity investments available for sale, increased \$121.4 million from \$92.6 million in the first six months of 2015. The total investment results in the first six months of 2016 was primarily driven by net unrealized gains in our portfolio of fixed maturity investments trading, principally the result of a decrease in U.S. treasury yields and a flattening of the yield curve during the period, combined with an increase in net investment income in our portfolio of fixed maturity investments, driven by an increase in average invested assets, and net realized and unrealized gains on equity investments trading as a result of the strong performance of a number of our equity positions during the period. Partially offsetting these items were net realized and unrealized losses on certain investments-related derivatives due to the flattening of the yield curve, noted above; and

Lower Corporate Expenses - our corporate expenses decreased \$44.4 million to \$14.0 million in the first six months of 2016, compared to \$58.4 million in the first six months of 2015, primarily reflecting a decrease to \$1.8 million of corporate expenses associated with the acquisition and integration of Platinum incurred during the first six months of 2016, compared to \$48.2 million in the first six months of 2015; partially offset by

Lower Underwriting Income - we generated underwriting income of \$168.7 million and a combined ratio of 76.1% in the first six months of 2016, compared to \$225.0 million and 66.7%, respectively, in the first six months of 2015, a decrease of \$56.3 million and an increase of 9.4 percentage points, respectively. The increase in the combined ratio in the first six months of 2016, compared to the first six months of 2015, was primarily driven by higher net claims and claim expenses and an increase in underwriting expenses, adding 5.4 and 4.0 percentage points, respectively, to the combined ratio. Included in net claims and claim expenses in the first six months of 2016 was \$32.8 million associated with the 2016 Texas Events and \$28.1 million associated with the Fort McMurray Wildfire. The net negative impact of these events on our consolidated underwriting result was \$50.4 million, and these events added 7.7 percentage points to our consolidated combined ratio. The net negative impact of these events on our net income available to RenaissanceRe common shareholders was \$41.1 million. See below for additional information related to the 2016 Texas Events and the Fort McMurray Wildfire;

Higher Income Tax Expense - we recognized \$9.4 million of income tax expense in the first six months of 2016, compared to an income tax benefit of \$49.7 million in the first six months of 2015, a decrease of \$59.1 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 six months of 2015, as a result of expected profits in our U.S.-based operations due principally to the acquisition of Platinum; and

Higher Net Income Attributable to Redeemable Noncontrolling Interests - our net income attributable to redeemable noncontrolling interests was \$75.2 million in the first six months of 2016, compared to \$51.8 million in the first six months of 2015, principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015.

Net Negative Impact of the 2016 Texas Events and the Fort McMurray Wildfire

The supplemental financial data below provides additional information detailing the net negative impact of the 2016 Texas Events and the Fort McMurray Wildfire on our consolidated financial statements for the six months ended June 30, 2016.

Six months ended June 30, 2016	2016 Texas Events	Fort McMurray Wildfire	Total
(in thousands, except percentages)			
Net claims and claim expenses incurred	\$(32,821)	\$(28,061)	\$(60,882)
Assumed reinstatement premiums earned	6,102	5,251	11,353
Ceded reinstatement premiums earned	—	(71)	(71)
Lost profit commissions	(477)	(370)	(847)
Net negative impact on underwriting result	(27,196)	(23,251)	(50,447)
Redeemable noncontrolling interest - DaVinciRe	5,124	4,247	9,371
Net negative impact	\$(22,072)	\$(19,004)	\$(41,076)
Percentage point impact on consolidated combined ratio	4.1	3.5	7.7
Net negative impact on Catastrophe Reinsurance segment underwriting result	\$(24,402)	\$(18,763)	\$(43,165)
Net negative impact on Specialty Reinsurance segment underwriting result	(1,901)	(500)	(2,401)
Net negative impact on Lloyd's segment underwriting result	(893)	(3,988)	(4,881)
Net negative impact on underwriting result	\$(27,196)	\$(23,251)	\$(50,447)

Acquisition of Platinum

On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. Our results of operations for the first six months of 2016 included the results of the legacy business acquired from Platinum for the period January 1, 2016 through June 30, 2016, compared to the first six months of 2015, which included the results of operations of Platinum for the period March 2, 2015 (the date of acquisition) through June 30, 2015.

Underwriting Results by Segment

Catastrophe Reinsurance

Below is a summary of the underwriting results and ratios for our Catastrophe Reinsurance segment:

Six months ended June 30, (in thousands, except percentages)	2016	2015	Change	
Gross premiums written	\$757,877	\$774,613	\$(16,736)	
Net premiums written	\$444,430	\$493,130	\$(48,700)	
Net premiums earned	\$278,601	\$306,472	\$(27,871)	
Net claims and claim expenses incurred	63,951	62,970	981	
Acquisition expenses	25,807	26,968	(1,161)	
Operational expenses	38,953	42,453	(3,500)	
Underwriting income	\$149,890	\$174,081	\$(24,191)	
Net claims and claim expenses incurred – current accident year	\$84,204	\$91,458	\$(7,254)	
Net claims and claim expenses incurred – prior accident years	(20,253)	(28,488)	8,235	
Net claims and claim expenses incurred – total	\$63,951	\$62,970	\$981	
Net claims and claim expense ratio – current accident year	30.2	% 29.8	% 0.4	%
Net claims and claim expense ratio – prior accident years	(7.2 )	)% (9.3 )	)% 2.1	%
Net claims and claim expense ratio – calendar year	23.0	% 20.5	% 2.5	%
Underwriting expense ratio	23.2	% 22.7	% 0.5	%
Combined ratio	46.2	% 43.2	% 3.0	%

Catastrophe Reinsurance Gross Premiums Written – In the first six months of 2016, our Catastrophe Reinsurance segment gross premiums written decreased by \$16.7 million, or 2.2%, to \$757.9 million, compared to \$774.6 million in the first six months of 2015. Market conditions remained challenging during the first six months of 2016, resulting in decreased gross premiums written on certain programs and transactions. However, we were able to increase our participation on a select number of transactions we believe have comparably attractive risk-return attributes, while continuing to exercise underwriting discipline given prevailing market terms and conditions. Included in gross premiums written in the Catastrophe Reinsurance segment in the first six months of 2016 was \$10.9 million of reinstatement premiums associated with the 2016 Texas Events and the Fort McMurray Wildfire.

Our Catastrophe Reinsurance segment gross premiums written continue to be characterized by a large percentage of U.S. and Caribbean premium, as we have found business derived from exposures in Europe, Asia and the rest of the world to be, in general, less attractive on a risk-adjusted basis during recent periods. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, notably U.S. Atlantic windstorms, as well as earthquakes and other natural and man-made catastrophes.

Catastrophe Reinsurance Ceded Premiums Written – Ceded premiums written in our Catastrophe Reinsurance segment increased \$32.0 million to \$313.4 million in the first six months of 2016, compared to \$281.5 million in the first six months of 2015, primarily reflecting an increase in purchases of retrocessional reinsurance given prevailing market conditions.

Catastrophe Reinsurance Underwriting Results – Our Catastrophe Reinsurance segment generated underwriting income of \$149.9 million in the first six months of 2016, compared to \$174.1 million in the first six months of 2015, a decrease of \$24.2 million. In the first six months of 2016, our Catastrophe Reinsurance segment generated a net claims and claim expense ratio of 23.0%, an underwriting expense

ratio of 23.2% and a combined ratio of 46.2%, compared to 20.5%, 22.7% and 43.2%, respectively, in the first six months of 2015.

The \$24.2 million decrease in underwriting income in our Catastrophe Reinsurance segment in the first six months of 2016, compared to the first six months of 2015, was principally driven by a \$27.9 million decrease in net premiums earned, as a result of the decline in gross premiums written combined with the increase in ceded premiums written. Included in net claims and claim expenses during the first six months of 2016 was \$29.7 million and \$23.5 million of net claims and claim expenses associated with the 2016 Texas Events and the Fort McMurray Wildfire, respectively. The net negative impact on our Catastrophe Reinsurance segment underwriting result from the 2016 Texas Events and the Fort McMurray Wildfire was \$24.4 million and \$18.8 million, respectively, and increased the Catastrophe Reinsurance segment combined ratio by 11.5 and 9.2 percentage points, respectively.

During the first six months of 2016 we experienced \$20.3 million of favorable development on prior year reserves within our Catastrophe Reinsurance segment, compared to \$28.5 million in the first six months of 2015. The favorable development on prior accident years net claims and claim expenses in the first six months of 2016 was principally driven by \$21.7 million of favorable development primarily attributable to a number of relatively small catastrophe events, partially offset by adverse development of \$3.0 million related to the 2010 New Zealand Earthquake, each principally the result of changes in our estimated ultimate loss for each respective event.

We have entered into joint ventures and specialized quota share cessions for portions of our book of business. In accordance with the joint venture and quota share agreements, we are entitled to certain profit commissions and fee income. We record these profit commissions and fees as a reduction in acquisition and operating expenses, respectively, and, accordingly, these fees have reduced our underwriting expense ratios. These fees totaled \$42.8 million and \$33.6 million in the first six months of 2016 and 2015, respectively, and resulted in a corresponding decrease to the Catastrophe Reinsurance segment underwriting expense ratio of 15.4% and 11.0%, respectively. In addition, we are entitled to certain fee income and profit commissions from DaVinci. Because the results of DaVinci, and its parent DaVinciRe, are consolidated in our results of operations, these fees and profit commissions are eliminated in our consolidated financial statements and are principally reflected in redeemable noncontrolling interest. The net impact of all fees and profit commissions related to these joint ventures and specialized quota share cessions within our Catastrophe Reinsurance segment was \$63.1 million and \$53.9 million in the first six months of 2016 and 2015, respectively.

Specialty Reinsurance

Below is a summary of the underwriting results and ratios for our Specialty Reinsurance segment:

Six months ended June 30, (in thousands, except percentages)	2016	2015	Change	
Gross premiums written	\$569,722	\$284,304	\$285,418	
Net premiums written	\$392,511	\$243,782	\$148,729	
Net premiums earned	\$292,486	\$250,460	\$42,026	
Net claims and claim expenses incurred	159,553	125,650	33,903	
Acquisition expenses	75,852	48,940	26,912	
Operational expenses	41,732	32,037	9,695	
Underwriting income	\$15,349	\$43,833	\$(28,484)	
Net claims and claim expenses incurred – current accident year	\$173,495	\$153,579	\$19,916	
Net claims and claim expenses incurred – prior accident years	(13,942)	(27,929)	13,987	
Net claims and claim expenses incurred – total	\$159,553	\$125,650	\$33,903	
Net claims and claim expense ratio – current accident year	59.3	% 61.3	% (2.0))%
Net claims and claim expense ratio – prior accident years	(4.7))% (11.1))% 6.4	%
Net claims and claim expense ratio – calendar year	54.6	% 50.2	% 4.4	%
Underwriting expense ratio	40.2	% 32.3	% 7.9	%
Combined ratio	94.8	% 82.5	% 12.3	%

Specialty Reinsurance Gross Premiums Written – In the first six months of 2016, our Specialty Reinsurance segment gross premiums written increased \$285.4 million, or 100.4%, to \$569.7 million, compared to \$284.3 million in the first six months of 2015, principally driven by select organic growth in our casualty and credit lines of business. In addition, our Specialty Reinsurance segment casualty line of business was impacted in the first six months of 2016 by business acquired in connection with our acquisition of Platinum, for the period from January 1, 2016 through June 30, 2016, compared to the first six months of 2015, which included gross premiums written from Platinum for the period from March 2, 2015 (the date of acquisition) through June 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 June 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 \$136.7 million to \$177.2 million in the first six months of 2016, compared to \$40.5 million in the first six months of 2015, primarily reflecting an increase in the purchase of retrocessional reinsurance given prevailing market conditions.

Specialty Reinsurance Underwriting Results – Our Specialty Reinsurance segment generated underwriting income of \$15.3 million in the first six months of 2016, compared to underwriting income of \$43.8 million in the first six months of 2015. In the first six months of 2016, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 54.6%, an underwriting expense ratio of 40.2% and a combined ratio of 94.8%, compared to 50.2%, 32.3% and 82.5%, respectively, in the first six months of 2015.

Our Specialty Reinsurance segment’s combined ratio was impacted by a 7.9 percentage point increase in the underwriting expense ratio in the first six months of 2016, compared to the first six months of 2015. Operational expenses in our Specialty Reinsurance segment have increased to support the growth in this segment. In addition, our Specialty Reinsurance segment net claims and claim expense ratio increased 4.4 percentage points in the first six months of 2016, compared to the first six months of 2015, principally driven by a decrease in favorable development on prior accident years net claims and claim expenses of \$14.0 million. The favorable development on prior accident years net claims and claim expenses of \$13.9 million in the first six 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:

Six months ended June 30, (in thousands, except percentages)	2016	2015	Change	
Gross premiums written	\$293,662	\$246,748	\$46,914	
Net premiums written	\$194,650	\$175,889	\$18,761	
Net premiums earned	\$133,921	\$119,745	\$14,176	
Net claims and claim expenses incurred	70,848	57,526	13,322	
Acquisition expenses	32,938	28,903	4,035	
Operational expenses	26,542	25,659	883	
Underwriting income	\$3,593	\$7,657	\$(4,064)	
Net claims and claim expenses incurred – current accident year	\$67,515	\$56,381	\$11,134	
Net claims and claim expenses incurred – prior accident years	3,333	1,145	2,188	
Net claims and claim expenses incurred – total	\$70,848	\$57,526	\$13,322	
Net claims and claim expense ratio – current accident year	50.4	% 47.1	% 3.3	%
Net claims and claim expense ratio – prior accident years	2.5	% 0.9	% 1.6	%
Net claims and claim expense ratio – calendar year	52.9	% 48.0	% 4.9	%
Underwriting expense ratio	44.4	% 45.6	% (1.2))%
Combined ratio	97.3	% 93.6	% 3.7	%

Lloyd’s Gross Premiums Written – Gross premiums written in our Lloyd’s segment increased \$46.9 million, or 19.0%, to \$293.7 million in the first six months of 2016, compared to \$246.7 million in the first six 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 \$28.2 million to \$99.0 million in the first six months of 2016, compared to \$70.9 million in the first six 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 \$3.6 million and a combined ratio of 97.3% in the first six months of 2016, compared to generating underwriting income of \$7.7 million and a combined ratio of 93.6%, respectively, in the first six months of 2015. Impacting the

combined ratio in the Lloyd's segment during the second quarter of 2016, compared to the second quarter of 2015, was a 3.3 and 1.6 percentage point increase in the current year and prior accident years net claims and claim expense ratios, respectively, partially offset by a 1.2 percentage point decrease in the underwriting expense ratio. Included in current accident year net claims and claim expenses was \$5.3 million associated with the 2016 Texas Events and the Fort McMurray Wildfire, which increased the Lloyd's segment combined ratio by 4.2 percentage points.

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$3.3 million during the first six months of 2016, compared to \$1.1 million during the first six months of 2015, was principally driven by actual reported loss activity coming in higher than expected, partially offset by a decrease in net claims and claim expenses related to small catastrophe events of \$1.9 million.

Net Investment Income

Six months ended June 30, 2016	2015	Change	
(in thousands)			
Fixed maturity investments	\$82,097	\$59,730	\$22,367
Short term investments	2,227	494	1,733
Equity investments trading	2,528	4,517	(1,989)
Other investments			
Private equity investments	(5,002)	15,838	(20,840)
Other	8,344	4,182	4,162
Cash and cash equivalents	338	275	63
	90,532	85,036	5,496
Investment expenses	(7,545)	(6,725)	(820)
Net investment income	\$82,987	\$78,311	\$4,676

Net investment income was \$83.0 million in the first six months of 2016, compared to \$78.3 million in the first six months of 2015, an increase of \$4.7 million. Impacting our net investment income for the first six months of 2016 was higher net investment income in our portfolio of fixed maturity investments primarily driven by higher average invested assets, partially offset by lower returns in our portfolio of private equity investments principally driven by weaker returns within certain specific energy and credit-related private equity investments.

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 \$20.4 million in the first six months of 2016, compared to net unrealized gains of \$3.2 million in the first six months of 2015.

Net Realized and Unrealized Gains on Investments

Six months ended June 30, (in thousands)	2016	2015	Change
Gross realized gains	\$40,411	\$30,204	\$10,207
Gross realized losses	(22,469)	(26,423)	3,954
Net realized gains on fixed maturity investments	17,942	3,781	14,161
Net unrealized gains (losses) on fixed maturity investments trading	129,736	(22,132)	151,868
Net realized and unrealized (losses) gains on investments-related derivatives	(28,600)	15,608	(44,208)
Net realized gains on equity investments trading	13,911	16,313	(2,402)
Net unrealized (losses) gains on equity investments trading	(1,564)	1,467	(3,031)
Net realized and unrealized gains on investments	\$131,425	\$15,037	\$116,388

Our investment portfolio strategy seeks 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 \$131.4 million in the first six months of 2016, compared to net realized and unrealized gains on investments of \$15.0 million in the first six months of 2015, an increase of \$116.4 million. Impacting our net realized and unrealized gains on investments was:

net realized and unrealized gains on our fixed maturity investments trading of \$147.7 million in the first six months of 2016, compared to losses of \$18.4 million in the first six 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 six months of 2016, partially offset by a corresponding increase of \$44.2 million in net realized and unrealized losses on certain investments-related derivatives to a loss of \$28.6 million; partially offset by

net realized and unrealized losses on equity investments trading of \$12.3 million in the first six months of 2016, compared to net realized and unrealized gains of \$17.8 million in the first six months of 2015.

Equity in Earnings of Other Ventures

Six months ended June 30, (in thousands)	2016	2015	Change
Top Layer Re	\$4,668	\$4,790	\$(122)
Tower Hill Companies	4,097	7,305	(3,208)
Other	(1,132)	(640)	(492)
Total equity in earnings of other ventures	\$7,633	\$11,455	\$(3,822)

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 earnings of other ventures was \$7.6 million in the first six months of 2016, compared to \$11.5 million in the first six months of 2015, with the decrease driven by lower profitability in the Tower Hill Companies. 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

Six months ended June 30, (in thousands)	2016	2015	Change
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	\$7,331	\$2,479	\$4,852
Other items	(598)	487	(1,085)
Total other income	\$6,733	\$2,966	\$3,767

In the first six months of 2016, we generated other income of \$6.7 million, compared to other income of \$3.0 million in the first six months of 2015, with the increase driven by our assumed and ceded reinsurance contracts accounted for as derivatives and deposits.

Corporate Expenses

Six months ended June 30, 2016 (in thousands)	2015	Change	
Total corporate expenses	\$13,977	\$58,401	\$(44,424)

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 \$44.4 million to \$14.0 million in the first six months of 2016, compared to \$58.4 million in the first six months of 2015, primarily reflecting a decrease to \$1.8 million of corporate expenses associated with the acquisition and integration of Platinum incurred during the first six months of 2016, compared to \$48.2 million in the first six months of 2015.

Income Tax (Expense) Benefit

Six months ended June 30, (in thousands)	2016	2015	Change
Income tax (expense) benefit	\$(9,356)	\$49,746	\$(59,102)

We recognized an income tax expense of \$9.4 million in the first six months of 2016, compared to a \$49.7 million income tax benefit in the first six months of 2015, an increase in income tax expense of \$59.1 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 six months of 2015, as a result of expected profits in our U.S.-based operations due principally to the acquisition of Platinum.

Net Income Attributable to Redeemable Noncontrolling Interests

Six months ended June 30, (in thousands)	2016	2015	Change
Net income attributable to redeemable noncontrolling interests	\$(75,226)	\$(51,829)	\$(23,397)

Our net income attributable to redeemable noncontrolling interests was \$75.2 million in the first six months of 2016, compared to \$51.8 million in the first six months of 2015. The \$23.4 million increase in net income attributable to redeemable noncontrolling interests was principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015. We expect our ownership in DaVinciRe to fluctuate over time.

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 six months ended June 30, 2016, RenaissanceRe’s principal operating subsidiaries returned capital, which included dividends declared and return of capital, net of capital contributions received, of \$144.3 million (2015 - \$699.0 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. As of June 30, 2016, our ECR was 70% of the amount calculated using the group standardized risk-based capital model of the BMA. 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 June 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 was filed with the BMA in advance of the May 31, 2016 deadline, and we 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 June 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 Risks and RenaissanceRe Specialty U.S. are defined as Class 3B insurers, and Renaissance Reinsurance, DaVinci and Platinum Bermuda 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 Risks, RenaissanceRe Specialty U.S., DaVinci and Platinum Bermuda was filed with the BMA in advance of the April 30, 2016 deadline, and each company 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 Risks, RenaissanceRe Specialty U.S., DaVinci and Platinum Bermuda 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 June 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 June 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 June 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 June 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

Six months ended June 30, (in thousands)	2016	2015
Net cash provided by (used in) operating activities	\$ 117,172	\$(29,370)
Net cash provided by (used in) investing activities	175,557	(310,413)
Net cash (used in) provided by financing activities	(346,301)	219,119
Effect of exchange rate changes on foreign currency cash	2,208	(6,830)
Net decrease in cash and cash equivalents	(51,364)	(127,494)
Cash and cash equivalents, beginning of period	506,885	525,584
Cash and cash equivalents, end of period	\$455,521	\$ 398,090

2016

During the six months ended June 30, 2016, our cash and cash equivalents decreased \$51.4 million, to \$455.5 million at June 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 six months ended June 30, 2016 were \$117.2 million, compared to cash flows used in operating activities of \$29.4 million during the six months ended June 30, 2015. Cash flows provided by operating activities during the six months ended June 30, 2016 were primarily the result of certain adjustments to reconcile our net income of \$350.7 million to net cash provided by operating activities, including:

• an increase in premiums receivable and deferred acquisition costs of \$554.7 million and \$131.8 million, respectively, due to the increase in our gross premiums written;

- an increase of \$302.4 million in our prepaid reinsurance premiums due to the increase in our gross premiums ceded;
- an increase of \$87.5 million in our reinsurance recoverable;
- an increase in unearned premiums of \$629.0 million due to an increase in our gross premiums written and a \$229.7 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 \$77.2 million as a result of claims and claims expenses incurred of \$386.9 million, partially offset by claims payments of \$309.7 million.

Cash flows provided by investing activities. During the six months ended June 30, 2016, our cash flows provided by investing activities were \$175.6 million, principally reflecting net sales of short term investments and equity investments trading of \$245.9 million and \$181.6 million, respectively, partially offset by net purchases of fixed maturity investments and other investments of \$199.2 million and \$52.8 million, respectively.

Cash flows used in financing activities. Our cash flows used in financing activities in the six months ended June 30, 2016 were \$346.3 million, and were principally the result of the settlement of \$265.0 million of common share repurchases, net outflows of \$43.9 million related to a net return of capital to third party shareholders, principally in DaVinciRe and Medici, and \$26.2 million and \$11.2 million of dividends paid on our common and preferred shares, respectively.

2015

During the six months ended June 30, 2015, our cash and cash equivalents decreased \$127.5 million, to \$398.1 million at June 30, 2015, compared to \$525.6 million at December 31, 2014.

Cash flows used in operating activities. Cash flows used in operating activities during the six months ended June 30, 2015 were \$29.4 million, compared to cash flows provided by operating activities of \$173.4 million during the six months ended June 30, 2014. Cash flows used in operating activities during the six months ended June 30, 2015 were primarily the result of certain adjustments to reconcile our net income of \$304.1 million to net cash used in operating activities, including: an increase in premiums receivable and deferred acquisition costs of \$396.1 million and \$63.3 million, respectively, due to the increase in our gross premiums written, an increase of \$174.0 million in our prepaid reinsurance premiums due to the timing of our gross premiums ceded and a \$66.0 million increase in reinsurance recoverable driven by corresponding increases in our reserve for claims and claim expenses. Partially offsetting these outflows was an increase in unearned premiums of \$410.5 million due to an increase in our gross premiums written, an increase in our reserve for claims and claim expenses of \$37.3 million as a result of claims and claims expenses incurred of \$311.8 million, partially offset by claims payments of \$274.5 million, and a \$53.0 million increase in reinsurance balances payable due to the timing of payments of our gross premiums ceded. In addition, the other category of our consolidated statements of cash flows of \$122.5 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 six months ended June 30, 2015, our cash flows used in investing activities were \$310.4 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 and our net purchases of equity investments trading of \$166.5 million. Partially offsetting these outflows was our net sales and maturities of fixed maturity investments and net sales of short term investments of \$170.9 million and \$360.2 million, respectively. 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” below, and “Note 3. Acquisition of Platinum in our Notes to Consolidated Financial Statements” in our Form 10-K for the year ended December 31, 2015, 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 six months ended June 30, 2015 were \$219.1 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 offset by net outflows of \$187.1 million principally related to a return of capital to third party shareholders in DaVinciRe; and \$27.5 million and \$11.2 million of dividends paid on our common and preferred shares, respectively.

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 \$1.8 million of corporate expenses associated with the acquisition and integration of Platinum in the six months ended June 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 time 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 June 30, 2016	At December 31, 2015	Change
(in thousands)			
Common shareholders' equity	\$4,303,217	\$4,332,184	\$(28,967)
Preference shares	400,000	400,000	—
Total shareholders' equity attributable to RenaissanceRe	4,703,217	4,732,184	(28,967)
3.700% Senior Notes due 2025	296,762	296,577	185
5.75% Senior Notes due 2020	248,775	248,610	165
Series B 7.50% Senior Notes due 2017	261,774	268,196	(6,422)
4.750% Senior Notes due 2025 (DaVinciRe)	147,266	147,112	154
RenaissanceRe revolving credit facility – unborrowed	250,000	250,000	—
Total debt	\$1,204,577	\$1,210,495	\$(5,918)
Total shareholders' equity attributable to RenaissanceRe and debt	\$5,907,794	\$5,942,679	\$(34,885)

During the first six months of 2016, our total shareholders' equity attributable to RenaissanceRe and debt decreased by \$34.9 million, to \$5.9 billion.

Our shareholders' equity attributable to RenaissanceRe decreased \$29.0 million during the first six months of 2016 principally as a result of:

- our repurchase of 2.4 million shares in open market transactions at an aggregate cost of \$272.3 million, and at an average share price of \$112.50; and
- \$26.2 million and \$11.2 million of dividends on our common and preference shares, respectively; partially offset by our comprehensive income attributable to RenaissanceRe of \$275.7 million.

During the first six months of 2016, our debt decreased \$5.9 million, primarily driven by the amortization of deferred debt issuance costs and 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 June 30, 2016	Issued or Drawn
(in thousands)	
RenaissanceRe Revolving Credit Facility	\$—
Uncommitted Standby Letter of Credit Facility with Wells Fargo	171,289
Uncommitted Standby Letter of Credit Facility with NAB	4,581
Bilateral Letter of Credit Facility with Citibank Europe	213,896
Funds at Lloyd's Letter of Credit Facilities	
Renaissance Reinsurance	380,000
RenaissanceRe Specialty Risks	8,005
Total credit facilities in U.S. dollars	\$777,771
Funds at Lloyd's Letter of Credit Facilities	£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 June 30, 2016 with respect to our multi-beneficiary reinsurance trusts totaled \$496.9 million and \$138.8 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of \$343.4 million and \$110.0 million, respectively.

Multi-Beneficiary Reduced Collateral Reinsurance Trusts

Assets held under trust at June 30, 2016 with respect to our multi-beneficiary reduced collateral reinsurance trusts totaled \$41.8 million and \$19.4 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of \$14.9 million and \$12.2 million, respectively.

Redeemable Noncontrolling Interest – DaVinciRe

Our noncontrolling economic ownership in DaVinciRe was 24.0% at June 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 July 25, 2016 are presented below.

	A.M. Best	S&P	Moody’s/Fitch	
Renaissance Reinsurance (1)	A+	AA-	A1	A+
DaVinci (1)	A	AA-	A3	—
Platinum Bermuda (1)	A	A-	—	—
Renaissance Reinsurance U.S. (1)	A	A+	—	—
RenaissanceRe Specialty Risks (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 (“additional case reserves”) which 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 adding estimates for the anticipated cost of claims incurred but not yet reported to us (“IBNR”).

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

At June 30, 2016	Case Reserves	Additional Case Reserves	IBNR	Total
(in thousands)				
Catastrophe Reinsurance	\$210,686	\$ 175,022	\$183,196	\$568,904
Specialty Reinsurance	532,590	130,255	1,150,158	1,813,003
Lloyd's	91,755	27,908	311,673	431,336
Other	6,332	—	24,668	31,000
Total	\$841,363	\$ 333,185	\$1,669,695	\$2,844,243
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:

Six months ended June 30,	2016	2015
(in thousands)		
Net reserves, beginning of period	\$2,632,519	\$1,345,816
Net incurred related to:		
Current year	325,214	301,418
Prior years	(30,859)	(55,221)
Total net incurred	294,355	246,197
Net paid related to:		
Current year	11,070	50,497
Prior years	293,567	224,449
Total net paid	304,637	274,946
Amounts acquired (1)	—	1,394,117
Net reserves, end of period	2,622,237	2,711,184
Reinsurance recoverable, end of period	222,006	136,464
Gross reserves, end of period	\$2,844,243	\$2,847,648

(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

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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 \$30.9 million during the first six months of 2016 (2015 - \$55.2 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:

Six months ended June 30,	2016	2015
(in thousands)	(Favorable)	adverse
	development	
Catastrophe Reinsurance	\$(20,253)	\$(28,488)
Specialty Reinsurance	(13,942)	(27,929)
Lloyd's	3,333	1,145
Other	3	51
Total	\$(30,859)	\$(55,221)

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

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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.

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 six months ended June 30, 2016:

Six months ended June 30, 2016	Catastrophe Reinsurance Segment (Favorable) adverse development
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
April and May U.S. Tornadoes (2011)	\$ (1,408)
New Zealand Earthquake (2010)	2,962
Other	(67)
Total large catastrophe events	1,487
Small catastrophe events	
Q2 2015 PCS Events	(9,729)
U.S. PCS 13/14 Wind and Thunderstorm (2013)	(6,260)
Other	(5,751)
Total small catastrophe events	(21,740)
Total catastrophe net claims and claim expenses	(20,253)
Total favorable development of prior accident years net claims and claim expenses	\$ (20,253)

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the six months ended June 30, 2016 of \$20.3 million was principally driven by \$21.7 million of favorable development primarily attributable to a number of relatively small catastrophe events, partially offset by adverse development of \$3.0 million related to the 2010 New Zealand Earthquake, each principally the result of changes in our estimated ultimate loss for the respective event.

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

Six months ended June 30, 2015	Catastrophe Reinsurance Segment (Favorable) adverse development
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Thailand Floods (2011)	\$ (13,299)
Tohoku Earthquake and Tsunami (2011)	(5,337)
New Zealand Earthquake (2011)	22,523
Total 2011 International Events	3,887
April and May U.S. Tornadoes (2011)	(5,305)
Hurricanes Gustav and Ike (2008)	(2,887)
Storm Sandy (2012)	(1,547)
New Zealand Earthquake (2010)	876
Other	(3,330)
Total large catastrophe events	(8,306)
Small catastrophe events	
U.S. Winter Storms and Wind and Thunderstorm Events (2014)	(16,285)
Other	(3,897)
Total small catastrophe events	(20,182)
Total catastrophe net claims and claim expenses	(28,488)
Total favorable development of prior accident years net claims and claim expenses	\$ (28,488)

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the six months ended June 30, 2015 of \$28.5 million was principally driven by \$16.3 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, \$2.9 million related to the 2008 Hurricanes (Gustav and Ike) and \$7.9 million related to a number of other catastrophe events, each principally the result of changes in our estimated ultimate loss for the 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 \$3.9 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

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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 where we lack significant historical claims experience, we principally use the Bornhuetter-Ferguson actuarial method. This 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

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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-Ferguson actuarial 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 and expected loss reporting patterns by reviewing industry results for similar business and adjusting for the terms of the coverages we offer. 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. Our estimate of IBNR is the product of the premium we have earned, the initial expected ultimate claims and claim expense ratio and the percentage of estimated unreported losses. Similar to the utilization of the Bornhuetter-Ferguson actuarial method, if we elect to use the additional actuarial methods noted above, we will be required to estimate loss ratios as well as paid and reported loss development patterns, and these actuarial assumptions would likely be based on historical paid and reported claims experience by line of business. For classes of business where we have significant 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. 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; and (2) our historical loss ratios and combined ratios adjusted for rate change and trend. These judgments take into account 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, actuarial estimates of IBNR are based on the Bornhuetter-Ferguson actuarial method, as discussed above, and the reported chain ladder actuarial method.

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. Loss development patterns are determined utilizing actuarial analysis, including management's judgment, and are based on historical patterns of paid losses and reporting of case reserves to us, as well as industry loss development patterns. 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 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.

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

Six months ended June 30, 2016	Specialty Reinsurance Segment (Favorable) adverse development
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Other	\$ 2,379
Total catastrophe net claims and claim expenses	2,379
Attritional net claims and claim expenses	
Actual reported claims less than expected claims	(10,203)
Actuarial assumption changes	(6,118)
Total attritional net claims and claim expenses	(16,321)
Total favorable development of prior accident years net claims and claim expenses	\$ (13,942)

The net favorable development in our Specialty Reinsurance segment on prior accident years net claims and claim expenses of \$13.9 million in the first six 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 six months ended June 30, 2015 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Six months ended June 30, 2015	Specialty Reinsurance Segment (Favorable) adverse development
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
New Zealand Earthquake (2010)	\$ 326
Subprime (2007)	8,407
Other	(453)
Total large catastrophe events	8,280
Total catastrophe net claims and claim expenses	8,280
Attritional net claims and claim expenses	
Actual reported claims less than expected claims	(39,131)
Actuarial assumption changes	2,922
Total attritional net claims and claim expenses	(36,209)

Total favorable development of prior accident years net claims and claim expenses \$ (27,929)

The net favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in the six months ended June 30, 2015 of \$27.9 million was primarily driven by net

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reported claims coming in lower than expected on prior accident years events, partially offset by adverse development of \$2.9 million associated with actuarial assumption changes and \$8.4 million associated with sub-prime related casualty losses from 2007 as a result of an increase in reported losses from a specific cedant.

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.

We principally use the Bornhuetter-Ferguson actuarial method to estimate claims and claim expenses within our Lloyd's segment for our specialty reinsurance and insurance lines of business. The comments discussed 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 six months ended June 30, 2016 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Six months ended June 30, 2016	Lloyd's Segment (Favorable) adverse development
(in thousands)	
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	5,066
Actuarial assumption changes	183
Total attritional net claims and claim expenses	5,249
Total adverse development of prior accident years net claims and claim expenses	\$ 3,333

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$3.3 million during the six months ended June 30, 2016 was principally driven by actual reported loss activity coming in higher than expected, partially offset by a decrease in net claims and claim expenses related to small catastrophe events of \$1.9 million.

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

Six months ended June 30, 2015	Lloyd's Segment (Favorable) adverse development
(in thousands)	
Catastrophe net claims and claim expenses	
Small catastrophe events	
Other	\$ 3,410
Total small catastrophe events	3,410
Total catastrophe net claims and claim expenses	3,410
Attritional net claims and claim expenses	
Actual reported claims higher than expected claims	(730)
Actuarial assumption changes	(1,535)
Total attritional net claims and claim expenses	(2,265)
Total adverse development of prior accident years net claims and claim expenses	\$ 1,145

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$1.1 million during the six months ended June 30, 2015 was principally driven by an increase in net claims and claim expenses related to small catastrophe events of \$3.4 million, partially offset by \$1.5 million of favorable development associated with actuarial assumption changes.

Investments

The table below shows our invested assets:

	June 30, 2016		December 31, 2015		Change
(in thousands, except percentages)					
U.S. treasuries	\$2,660,051	29.5 %	\$2,064,944	23.0 %	\$595,107
Agencies	126,549	1.4 %	137,976	1.5 %	(11,427)
Municipal	561,456	6.2 %	583,282	6.5 %	(21,826)
Non-U.S. government (Sovereign debt)	313,699	3.5 %	334,981	3.7 %	(21,282)
Non-U.S. government-backed corporate	157,606	1.7 %	138,994	1.5 %	18,612
Corporate	1,840,407	20.5 %	2,055,323	22.9 %	(214,916)
Agency mortgage-backed	513,666	5.7 %	504,518	5.6 %	9,148
Non-agency mortgage-backed	258,507	2.8 %	270,763	3.0 %	(12,256)
Commercial mortgage-backed	503,475	5.6 %	561,496	6.2 %	(58,021)
Asset-backed	150,147	1.7 %	130,541	1.4 %	19,606
Total fixed maturity investments, at fair value	7,085,563	78.6 %	6,782,818	75.3 %	302,745
Short term investments, at fair value	1,000,206	11.1 %	1,208,401	13.4 %	(208,195)
Equity investments trading, at fair value	301,298	3.4 %	393,877	4.4 %	(92,579)
Other investments, at fair value	489,702	5.4 %	481,621	5.4 %	8,081
Total managed investment portfolio	8,876,769	98.5 %	8,866,717	98.5 %	10,052
Investments in other ventures, under equity method	133,448	1.5 %	132,351	1.5 %	1,097
Total investments	\$9,010,217	100.0 %	\$8,999,068	100.0 %	\$11,149

At June 30, 2016, we held investments totaling \$9.0 billion, compared to \$9.0 billion at December 31, 2015, with net unrealized appreciation included in accumulated other comprehensive income of \$2.3 million at June 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 June 30, 2016, our portfolio of equity investments trading totaled \$301.3 million, or 3.4%, of our total investments (December 31, 2015 - \$393.9 million or 4.4%) inclusive of our investment in Essent Group Ltd. of \$123.6 million (December 31, 2015 - \$102.1 million). During the six months ended June 30, 2016, we purchased an additional 1.0 million common shares of Essent. Our portfolio of other investments totaled \$489.7 million, or 5.4%, of our total investments at June 30, 2016 (December 31, 2015 - \$481.6 million or 5.4%).

Other Investments

The table below shows our portfolio of other investments:

	June 30, 2016	December 31, 2015	Change
(in thousands)			
Catastrophe bonds	\$275,553	\$ 241,253	\$34,300
Private equity partnerships	190,316	214,848	(24,532)
Senior secured bank loan fund	22,212	23,231	(1,019)
Hedge funds	1,621	2,289	(668)
Total other investments	\$489,702	\$ 481,621	\$8,081

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 six months ended June 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 \$3.3 million for the six months ended June 30, 2016 (2015 - net investment income of \$20.0 million). Of this amount, \$20.4 million related to net unrealized losses (2015 - gains of \$3.2 million).

We have committed capital to private equity partnerships and other investments of \$771.1 million, of which \$537.7 million has been contributed at June 30, 2016. Our remaining commitments to these investments at June 30, 2016 totaled \$241.2 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 June 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 June 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 both of our companies. In addition, as a result of the acquisition, the face value of our indebtedness increased by \$550.0 million, consisting of \$250.0 million of publicly traded notes previously issued by a subsidiary of Platinum, which remain outstanding, and \$300.0 million of new senior public notes issued by RenaissanceRe Finance.

Catastrophe Exposed Market Developments

Notwithstanding the severe global catastrophe losses during 2011, the advent 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 and the Fort McMurray Wildfire, 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. Demand for other products or coverages grew at slower rates than that of supply, or was flat. 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 was 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, 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. As in 2015, available supply of capital more than offset demand in the market. We continue to expect the supply of capital to outpace any growth of demand and accordingly, 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 strongly positioned to compete for business we do find attractive, with strong ratings, an expanded product offering, and an expanded U.S. market presence. While we believe that these dynamics have supported our recent specialty and casualty growth, we cannot assure you 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 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, 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. However, 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.

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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 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. 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.

In February 2016, the Obama Administration released its proposed budget which included tax proposals that, if adopted, would affect significant change to the U.S. taxation of international business and capital flows. Among other things, these proposals would disallow the deduction for certain reinsurance premiums paid to affiliates (as discussed above) and tighten the anti-inversion rules. 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 proposed 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 regulations on the classification of, and recordkeeping with respect to, debt instruments issued to related persons. The proposed regulations would add new earnings stripping rules that would deny a deduction for interest paid on related party debt in certain circumstances. The temporary and proposed 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 rules, which are not limited to inversions and would apply to indebtedness between 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, (2) allow the IRS on audit to divide a debt instrument into part debt and part equity, and (3) require corporations in certain publicly traded affiliated groups with assets exceeding \$100 million and 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. In July 2016, hearings were held by the IRS in respect of these proposals. At this time we cannot predict the likelihood of the enactment or finalization of these proposals, or the scope 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 or our cost of capital, or to potential future transactions in which we might be involved, although, among other items, 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 3703 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 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.

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 six months ended June 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 June 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 June 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

Other than as discussed below, there have been no material changes to the risk factors previously disclosed in our Form 10-K for the year ended December 31, 2015.

The vote by the United Kingdom to leave the E.U. could adversely affect our business.

The recent U.K. referendum on its membership in the E.U. resulted in a majority of U.K. voters voting to exit the E.U. (“Brexit”). As a result of this vote, negotiations are expected to commence to determine the terms of the United Kingdom’s withdrawal from the E.U. and its future relationship with the E.U. As a result, we face risks associated with the potential uncertainty and consequences that may follow Brexit, including with respect to volatility in financial markets, exchange rates and interest rates. These uncertainties could increase the volatility of, or reduce, our investment results in particular periods or over time. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions and regulatory agencies. Brexit could also lead to legal uncertainty and differing laws and regulations between the U.K., and the E.U., and could impair or adversely affect the ability of Syndicate 1458 to transact business in E.U. countries, particularly in respect of primary or direct insurance business as to which we currently rely on the licensure afforded to syndicates at Lloyd’s for access to E.U. markets. In addition, these uncertainties could affect the operations, strategic position or results of insurers or reinsurers on whom we ultimately rely to access underlying insured coverages. Any of these potential effects of Brexit, and others we cannot anticipate, could adversely affect our results of operations or financial condition.

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 May 16, 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 June 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							\$ 494.1
April 1 - 30, 2016	151,302	\$ 110.31	—	\$	—151,302	\$ 110.31	(16.7)
May 1 - 16, 2016	599,127	\$ 112.69	—	\$	—599,127	\$ 112.69	(67.5)
May 16, 2016 - renewal of authorized share repurchase program of \$500.0 million							90.1
Dollar amount available to be repurchased							500.0
May 17 - 31, 2016	283,736	\$ 114.55	—	\$	—283,736	\$ 114.55	(32.5)
June 1 - 30, 2016	616,831	\$ 114.12	—	\$	—616,831	\$ 114.12	(70.4)
Total	1,650,996	\$ 113.33	—	\$	—1,650,996	\$ 113.33	\$ 397.1

During the six months ended June 30, 2016, pursuant to our publicly announced share repurchase program, we repurchased an aggregate of 2.4 million common shares in open market transactions at an aggregate cost of \$272.3 million and at an average share price of \$112.50. Subsequent to June 30, 2016 and through the period ended July 25, 2016, we repurchased 286 thousand common shares in open market transactions at an aggregate cost of \$33.1 million and at an average share price of \$115.66. 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

AMENDMENT AND RESTATEMENT OF NAMED EXECUTIVE OFFICER EMPLOYMENT AGREEMENTS; EMPLOYMENT AGREEMENT WITH ROBERT QUTUB

The Compensation and Corporate Governance Committee of our Board of Directors (the “Compensation Committee”) regularly reviews our compensation programs and arrangements to ensure that such programs and arrangements remain aligned with our business and compensation objectives, reflect market trends and address our evolving needs. The Compensation Committee also considers feedback received from our shareholders, including the results of RenaissanceRe’s recent “say on pay” vote. After its most recent review, the Compensation Committee approved amended and restated forms of employment agreement reflecting these dynamics to be used for our executive officers (the “Restated Forms”).

The amendments reflected in the Restated Forms eliminate the “single-trigger” change-in-control vesting provision for future equity awards and refine the circumstances under which the executives may terminate employment for “good reason,” which changes are being made in connection with RenaissanceRe’s move from “single-trigger” to “double-trigger” vesting in its 2016 Long-Term Incentive Plan. In addition, the Restated Forms provide for continuation of health benefits under additional circumstances, including following the executive’s voluntary termination of employment without “good reason.”

On July 22, 2016, RenaissanceRe entered into amended and restated employment agreements (each, a “Restated Employment Agreement”) with each of our named executive officers (other than our current Chief Financial Officer,

Jeffrey D. Kelly, who is retiring effective September 15, 2016) in substantially the same form as the Restated Forms approved by the Compensation Committee. The Restated Employment

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Agreements supersede and replace the current employment agreements, as amended and previously filed with the Securities and Exchange Commission, of each of our named executive officers (other than Mr. Kelly) (each, a “Prior Employment Agreement”).

Except for the changes described above, the Restated Employment Agreements are in substantially the same form as the Prior Employment Agreements. The following description of the Restated Employment Agreements is qualified in its entirety by reference to the full text of (i) the Restated Employment Agreement for Kevin J. O’Donnell, our Chief Executive Officer, which is attached hereto as Exhibit 10.3, (ii) the legacy form of Restated Employment Agreement for our named executive officers (other than our Chief Executive Officer), which applies to Ian D. Branagan, a Senior Vice President and our Group Chief Risk Officer, and Stephen H. Weinstein, a Senior Vice President and our Group General Counsel, Corporate Secretary and Chief Compliance Officer and is attached hereto as Exhibit 10.4, and (iii) the form of Restated Employment Agreement for our named executive officers (other than our Chief Executive Officer), which applies to Ross A. Curtis, a Senior Vice President and our Group Chief Risk Officer and is attached hereto as Exhibit 10.5, each of which is incorporated herein by reference.

On July 22, 2016, in connection with Robert Qutub’s appointment as an Executive Vice President and the Chief Financial Officer of RenaissanceRe commencing on August 8, 2016, RenaissanceRe and Mr. Qutub entered into an employment agreement in substantially the same form as the form of Restated Employment Agreement for our named executive officers (other than our Chief Executive Officer), which is attached hereto as Exhibit 10.5.

Mr. Qutub will initially be paid an annual base salary of \$575,000 and will receive benefits and perquisites offered to other expatriate executive officers of the Company situated in Bermuda. In addition, Mr. Qutub will be eligible to receive an annual incentive bonus for 2016 pursuant to RenaissanceRe’s performance-based annual incentive bonus plan with a target of 110% of base salary and a long-term equity-based incentive award with an anticipated target value of 218% of base salary. The annual equity award expected to be granted to Mr. Qutub is expected to consist of restricted stock, performance shares or a combination thereof and will be made pursuant to the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan, with the first such annual equity award to be granted to Mr. Qutub at the same time as grants are made to similarly situated senior executives of RenaissanceRe in early 2017. Actual grants and awards are subject to the discretion of the Compensation Committee.

SEPARATION AGREEMENT WITH JEFFREY D. KELLY

On July 22, 2016, RenaissanceRe entered into a Separation, Consulting, and Release Agreement with Jeffrey D. Kelly, presently an Executive Vice President and our Chief Financial Officer and Chief Operating Officer. The separation agreement provides that Mr. Kelly will terminate his employment with RenaissanceRe effective September 15, 2016, or the date of an earlier termination of employment (the “Separation Date”).

The following description of Mr. Kelly’s separation agreement is qualified in its entirety by reference to the full text of the separation agreement, which is attached hereto as Exhibit 10.6 and incorporated herein by reference.

As contemplated by the separation agreement, Mr. Kelly will be entitled to the separation payments and benefits as provided in his amended and restated employment agreement with RenaissanceRe dated October 23, 2013. Each of the payments and benefits Mr. Kelly is entitled to receive in connection with his resignation is subject to his continued compliance with the non-competition and non-interference covenants set forth in his employment agreement.

Furthermore, the payments and benefits are contingent upon the execution of a mutual release of claims upon the execution of the separation agreement and a second “bring-down” release of claims to be effective no earlier than the Separation Date. The payments and benefits contemplated by the separation agreement (other than certain accrued obligations) will be forfeited and Mr. Kelly will have no right to such payments if his employment is terminated by RenaissanceRe for “cause” (as defined in his employment agreement) or by Mr. Kelly without “good reason” (as defined in his employment agreement), in each case prior to the Separation Date.

Subject to his continued employment through the Separation Date, Mr. Kelly will continue to provide services to RenaissanceRe through September 15, 2017, as a consultant to assist in his successor’s transition. In consideration for providing these consulting services, Mr. Kelly will receive aggregate

consulting fees equal to \$350,000, payable in substantially equal installments on the same schedule as salary payments are made to RenaissanceRe's employees in accordance with RenaissanceRe's regular payroll schedule. Mr. Kelly's rights to the consulting fees will cease upon the earliest to occur of a termination of his service as a result of his "disability" (as defined in his employment agreement), a termination of his service by RenaissanceRe for "cause," a termination of his service by him for any reason, a material breach of any provision of the separation agreement or his employment agreement and his commencement of full-time employment with another employer.

ITEM 6. EXHIBITS

- 10.1* RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan. (1)
- 10.1(a)* Form of Director Restricted Stock Agreement under the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan.
- 10.1(b)* Form of Restricted Stock Agreement under the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan.
- 10.1(c)* Form of Performance Share Agreement under the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan.
- 10.2* Form of Director Shares Grant Notice and Agreement pursuant to which restricted stock grants were made to non-employee directors on March 1, 2016.
- 10.3* Further Amended and Restated Employment Agreement, dated as of July 22, 2016, by and between RenaissanceRe Holdings Ltd. and Kevin J. O'Donnell.
- 10.4* Legacy Form of Further Amended and Restated Employment Agreement for Named Executive Officers (other than the Chief Executive Officer).**
- 10.5* Form of Employment Agreement for Named Executive Officers (other than the Chief Executive Officer).***
- 10.6* Separation, Consulting, and Release Agreement, dated as of July 22, 2016, between RenaissanceRe Holdings Ltd. and Jeffrey D. Kelly.
- 10.7* Letter agreement, dated July 6, 2016, between Ian Branagan and RenaissanceRe Holdings Ltd. regarding secondment to the U.K.
- 10.8* Letter agreement, dated April 11, 2013, between Ian Branagan and RenaissanceRe Holdings Ltd. regarding secondment to the U.K.
- 10.9* Second Amendment to Letter of Credit Reimbursement Agreement, dated as of May 20, 2016, among Renaissance Reinsurance Ltd., as Borrower, various lenders party to the Letter of Credit Reimbursement Agreement, dated as of November 23, 2015, Bank of Montreal, as Documentation Agent, Citibank Europe plc, as Collateral Agent, and ING Bank N.V., London Branch, as Letter of Credit Agent.
- 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 Jeffrey D. Kelly, 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 Jeffrey D. Kelly, 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.INSXBRL Instance Document

101.SCHXBRL Taxonomy Extension Schema Document

101.CALXBRL Taxonomy Extension Calculation Linkbase Document

101.LABXBRL Taxonomy Extension Label Linkbase Document

101.PREXBRL Taxonomy Extension Presentation Linkbase Document

101.DEFBRL Taxonomy Extension Definition Linkbase Document

*Represents management contract or compensatory plan or arrangement.

** Applicable to Stephen H. Weinstein and Ian D. Branagan.

*** Applicable to Ross A. Curtis and Robert Qutub.

(1) Incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 1, 2016.

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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: July 27, 2016 /s/ Jeffrey D. Kelly

Jeffrey D. Kelly

Executive Vice President, Chief Financial Officer and Chief Operating Officer

(Principal Financial Officer and Duly Authorized Officer)

Date: July 27, 2016 /s/ Mark A. Wilcox

Mark A. Wilcox

Senior Vice President, Corporate Controller and Chief Accounting Officer

(Principal Accounting Officer)