

RENAISSANCERE HOLDINGS LTD  
Form 10-Q  
May 06, 2015

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 March 31, 2015  
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 Q No o

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 Q No o

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 Q, Accelerated filer o, Non-accelerated filer o, Smaller reporting company o

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

The number of Common Shares, par value US \$1.00 per share, outstanding at May 4, 2015 was 46,052,001.

RENAISSANCERE HOLDINGS LTD.  
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#### NOTE ON FORWARD-LOOKING STATEMENTS

This Form 10-Q 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”, “predict”, “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.

In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our 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:

- our exposure to significant losses from catastrophic events and other exposures that we cover, which we expect to cause significant volatility in our financial results from time to time;
- the inherent uncertainties in our reserving process, particularly in regards to large catastrophic events and longer tail casualty lines, the uncertainties of which we expect to increase as our product and geographical diversity increases;
- the frequency and severity of catastrophic and other events which we cover could exceed our estimates and cause losses greater than we expect;
- the risk of the lowering or loss of any of the financial strength, claims-paying or enterprise-wide risk management ratings of RenaissanceRe Holdings Ltd. (“RenaissanceRe”) or of one or more of our subsidiaries or joint ventures or changes in the policies or practices of the rating agencies;
  - risks associated with appropriately modeling, pricing for, and contractually addressing new or potential factors in loss emergence, such as the trend toward potentially significant global warming and other aspects of climate change which have the potential to adversely affect our business, any of which could cause us to underestimate our exposures and potentially adversely impact our financial results;
- the risk that we might be bound to policyholder obligations beyond our underwriting intent, or unable to enforce our own intent in respect of retrocessional arrangements, including in each case due to emerging claims and coverage issues;
- risks due to our increasing reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- risks relating to operating in a highly competitive environment, which we expect to continue to increase over time due to new competition from traditional and non-traditional participants, particularly as capital markets products provide alternatives and replacements for more traditional reinsurance and insurance products, as new entrants or existing competitors attempt to replicate our business model, and as a result of consolidation in the (re)insurance industry;
- the risk that our customers may fail to make premium payments due to us, as well as the risk of failures of our reinsurers, brokers or other counterparties to honor their obligations to us, including in regards to large catastrophic events, and also including their obligations to make third party payments for which we might be liable;

risks relating to deteriorating market conditions, including the risks of decreasing revenues, margins, capital efficiency and returns;

a contention by the Internal Revenue Service that Renaissance Reinsurance Ltd. (“Renaissance Reinsurance”), or any of our other Bermuda subsidiaries, is subject to U.S. taxation;

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

risks relating to adverse legislative developments that could reduce the size of the private markets we serve, or impede their future growth, including proposals to shift United States (“U.S.”) catastrophe risks to federal mechanisms; similar proposals at the state level in the U.S., including the risk of legislation in Florida to expand the reinsurance coverage offered by the Florida Hurricane Catastrophe Fund (“FHCF”) and the insurance policies written by Citizens Property Insurance Corporation (“Citizens”), or failing to implement reforms to reduce such coverage; risks of adverse legislation in relation to U.S. flood insurance or the failure to implement reform legislation; and the risk that new legislation will be enacted in the international markets we serve which might reduce market opportunities in the private sector, weaken our customers or otherwise adversely impact us;

risks associated with our investment portfolio, including the risk that our investment assets may fail to yield attractive or even positive results; and the risk that investment managers may breach our investment guidelines, or the inability of such guidelines to mitigate investment risks;

risks associated with implementing our business strategies and initiatives, including risks related to strategic transactions, developing or enhancing the operations, controls and other infrastructure necessary in respect of our more recent, new or proposed initiatives, and the risk that we may fail to succeed in our business or financing plans for these initiatives;

risks that certain of our new or potentially expanding business lines could have a significant negative impact on our financial results or cause significant volatility in our results for any particular period;

risks associated with potential for loss of services of any one of our key senior officers, the risk that we fail to attract or retain the executives and employees necessary to manage our business, and difficulties associated with the transition of members of our senior management team for new or expanded roles necessary to execute our strategic and tactical plans;

risks relating to the inability, or delay, in the claims-paying ability of Citizens, FHCF or of private market participants in Florida, particularly following a large windstorm or multiple smaller storms, which we believe would weaken or destabilize the Florida market and give rise to an unpredictable range of impacts which might be adverse to us, perhaps materially so;

risks associated with the management of our operations as our product and geographical diversity increases, including the potential inability to allocate sufficient resources to our strategic and tactical plans or to address additional industry or regulatory developments and requirements;

changes in economic conditions, including interest rate, currency, equity and credit conditions which could affect our investment portfolio or declines in our investment returns for other reasons which could reduce our profitability and hinder our ability to pay claims promptly in accordance with our strategy, which risks we believe are currently enhanced in light of the current macroeconomic uncertainty and the recent period of economic uncertainty, both globally, particularly in respect of Eurozone countries and companies, and in the U.S.;

risks associated with highly subjective judgments, such as valuing our more illiquid assets, and determining the impairments taken on our investments, all of which impact our reported financial position and operating results;

risks associated with our retrocessional reinsurance protection, including the risks that the coverages and protections we seek may become unavailable or only available on unfavorable terms, that the forms of retrocessional protection available in the market on acceptable terms may give rise to more risk in our net portfolio than we find desirable or that we correctly identify, or that we are otherwise unable to cede our own assumed risk to third parties; and the risk that providers of protection do not meet their obligations to us or do not do so on a timely basis;



risks associated with inflation, which could cause loss costs to increase, and impact the performance of our investment portfolio, thereby adversely impacting our financial position or operating results;

operational risks, including system or human failures, which risks could result in our incurring material losses;

risks in connection with our management of capital on behalf of investors in joint ventures or other entities we manage, such as failing to comply with complex laws and regulations relating to the management of such capital or the potential rights of third party investors, which failure could result in our incurring significant liabilities, penalties or other losses;

risks that we may require additional capital in the future, particularly after a catastrophic event or to support potential growth opportunities in our business, which may not be available or may be available only on unfavorable terms;

risks relating to our potential failure to comply with covenants in our debt agreements, which failure could provide our lenders the right to accelerate our debt which would adversely impact us;

the risk of potential challenges to the claim of exemption from insurance regulation of RenaissanceRe and certain of our subsidiaries in certain jurisdictions under certain current laws and the risk of increased global regulation of the insurance and reinsurance industry;

risks relating to the inability of our operating subsidiaries to declare and pay dividends, which could cause us to be unable to pay dividends to our shareholders or to repay our indebtedness;

the risk that there could be regulatory or legislative changes adversely impacting us, as a Bermuda-based company, relative to our competitors, or actions taken by multinational organizations having such an impact;

risks arising out of possible changes in the distribution or placement of risks due to increased consolidation of customers or insurance and reinsurance brokers;

risks relating to changes in regulatory regimes and/or accounting rules, which could result in significant changes to our financial results, including but not limited to, the European Union ("EU") directive concerning capital adequacy, risk management and regulatory reporting for insurers; and

risks relating to our acquisition of Platinum Underwriters Holdings, Ltd. ("Platinum"), including risks that our future financial performance may differ from projections, risks relating to integration challenges and costs, and other risks that we may not be able to effectively manage our expanded operations.

The factors listed above should not be construed as exhaustive. Certain of these risk factors and others are described in more detail from time to time 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, 2014. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect 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)

|   | March 31,<br>2015<br>(Unaudited) | December 31,<br>2014<br>(Audited) |
|---|----------------------------------|-----------------------------------|
| Assets  |                                  |                                   |
| Fixed maturity investments trading, at fair value (Amortized cost \$5,960,109 and \$4,749,613 at March 31, 2015 and December 31, 2014, respectively)      | \$5,982,843                      | \$4,756,685                       |
| Fixed maturity investments available for sale, at fair value (Amortized cost \$22,156 and \$23,772 at March 31, 2015 and December 31, 2014, respectively) | 25,086                           | 26,885                            |
| Short term investments, at fair value   | 1,775,819                        | 1,013,222                         |
| Equity investments trading, at fair value   | 261,656                          | 322,098                           |
| Other investments, at fair value  | 514,906                          | 504,147                           |
| Investments in other ventures, under equity method  | 123,743                          | 120,713                           |
| Total investments   | 8,684,053                        | 6,743,750                         |
| Cash and cash equivalents   | 557,618                          | 525,584                           |
| Premiums receivable   | 866,418                          | 440,007                           |
| Prepaid reinsurance premiums  | 233,062                          | 94,810                            |
| Reinsurance recoverable   | 82,696                           | 66,694                            |
| Accrued investment income   | 40,583                           | 26,509                            |
| Deferred acquisition costs  | 146,053                          | 110,059                           |
| Receivable for investments sold   | 121,530                          | 52,390                            |
| Other assets  | 273,851                          | 135,845                           |
| Goodwill and other intangible assets  | 281,334                          | 7,902                             |
| Total assets  | \$11,287,198                     | \$8,203,550                       |
| Liabilities, Noncontrolling Interests and Shareholders' Equity  |                                  |                                   |
| Liabilities   |                                  |                                   |
| Reserve for claims and claim expenses   | \$2,781,568                      | \$1,412,510                       |
| Unearned premiums   | 983,137                          | 512,386                           |
| Debt  | 826,774                          | 249,522                           |
| Reinsurance balances payable  | 495,045                          | 454,580                           |
| Payable for investments purchased   | 217,986                          | 203,021                           |
| Other liabilities   | 231,968                          | 374,108                           |
| Total liabilities   | 5,536,478                        | 3,206,127                         |
| Commitments and Contingencies   |                                  |                                   |
| Redeemable noncontrolling interest  | 968,431                          | 1,131,708                         |
| Shareholders' Equity  |                                  |                                   |
| Preference shares: \$1.00 par value – 16,000,000 shares issued and outstanding at March 31, 2015 (December 31, 2014 – 16,000,000)                         | 400,000                          | 400,000                           |
| Common shares: \$1.00 par value – 46,025,698 shares issued and outstanding at March 31, 2015 (December 31, 2014 – 38,441,972)                             | 46,026                           | 38,442                            |
| Additional paid-in capital  | 754,941                          | —                                 |
| Accumulated other comprehensive income  | 3,342                            | 3,416                             |
| Retained earnings   | 3,577,980                        | 3,423,857                         |
| Total shareholders' equity attributable to RenaissanceRe  | 4,782,289                        | 3,865,715                         |
| Total liabilities, noncontrolling interests and shareholders' equity  | \$11,287,198                     | \$8,203,550                       |
| See accompanying notes to the consolidated financial statements   |                                  |                                   |





RenaissanceRe Holdings Ltd. and Subsidiaries  
Consolidated Statements of Operations  
For the three months ended March 31, 2015 and 2014  
(in thousands of United States Dollars, except per share amounts) (Unaudited)

|  | Three months ended |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| Revenues   |                    |                   |
| Gross premiums written   | \$643,578          | \$705,260         |
| Net premiums written   | \$404,035          | \$450,347         |
| Increase in unearned premiums  | (107,275           | ) (163,813        |
| Net premiums earned  | 296,760            | 286,534           |
| Net investment income  | 39,707             | 38,948            |
| Net foreign exchange losses  | (3,130             | ) (1,061          |
| Equity in earnings of other ventures   | 5,295              | 4,199             |
| Other income   | 1,539              | 62                |
| Net realized and unrealized gains on investments                                     | 41,749             | 14,927            |
| Total revenues   | 381,920            | 343,609           |
| Expenses   |                    |                   |
| Net claims and claim expenses incurred   | 76,853             | 58,915            |
| Acquisition expenses   | 43,401             | 33,700            |
| Operational expenses   | 45,621             | 42,624            |
| Corporate expenses   | 45,598             | 4,545             |
| Interest expense   | 5,251              | 4,293             |
| Total expenses   | 216,724            | 144,077           |
| Income before taxes  | 165,196            | 199,532           |
| Income tax benefit (expense)   | 47,904             | (166              |
| Net income   | 213,100            | 199,366           |
| Net income attributable to noncontrolling interests                                  | (39,662            | ) (42,768         |
| Net income attributable to RenaissanceRe   | 173,438            | 156,598           |
| Dividends on preference shares   | (5,595             | ) (5,595          |
| Net income available to RenaissanceRe common shareholders                            | \$167,843          | \$151,003         |
| Net income available to RenaissanceRe common shareholders per common share – basic   | \$4.18             | \$3.61            |
| Net income available to RenaissanceRe common shareholders per common share – diluted | \$4.14             | \$3.56            |
| Dividends per common share   | \$0.30             | \$0.29            |

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 months ended March 31, 2015 and 2014  
(in thousands of United States Dollars) (Unaudited)

|  | Three months ended |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| Comprehensive income   |                    |                   |
| Net income   | \$213,100          | \$199,366         |
| Change in net unrealized gains on investments  | (74                | ) (168            |
| Comprehensive income   | 213,026            | 199,198           |
| Net income attributable to noncontrolling interests  | (39,662            | ) (42,768         |
| Comprehensive income attributable to noncontrolling interests  | (39,662            | ) (42,768         |
| Comprehensive income attributable to RenaissanceRe   | \$173,364          | \$156,430         |
| Disclosure regarding net unrealized gains  |                    |                   |
| Total net realized and unrealized holding (gains) losses on investments and net other-than-temporary impairments | \$(23              | ) \$(168          |
| Net realized gains on fixed maturity investments available for sale  | (51                | ) —               |
| Change in net unrealized gains on investments  | \$(74              | ) \$(168          |

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 three months ended March 31, 2015 and 2014  
(in thousands of United States Dollars) (Unaudited)

|   | Three months ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Preference shares   |                    |                   |
| Balance – January 1   | \$400,000          | \$400,000         |
| Balance – March 31  | 400,000            | 400,000           |
| Common shares   |                    |                   |
| Balance – January 1   | 38,442             | 43,646            |
| Issuance of shares  | 7,435              | —                 |
| Repurchase of shares  | —                  | (2,978 )          |
| Exercise of options and issuance of restricted stock awards | 149                | 188               |
| Balance – March 31  | 46,026             | 40,856            |
| Additional paid-in capital                                  |                    |                   |
| Balance – January 1   | —                  | —                 |
| Issuance of shares  | 754,384            | —                 |
| Repurchase of shares  | —                  | 4,179             |
| Change in noncontrolling interests                          | (260 )             | (35 )             |
| Exercise of options and issuance of restricted stock awards | 817                | (4,144 )          |
| Balance – March 31  | 754,941            | —                 |
| Accumulated other comprehensive income                      |                    |                   |
| Balance – January 1   | 3,416              | 4,131             |
| Change in net unrealized gains on investments               | (74 )              | (168 )            |
| Balance – March 31  | 3,342              | 3,963             |
| Retained earnings   |                    |                   |
| Balance – January 1   | 3,423,857          | 3,456,607         |
| Net income  | 213,100            | 199,366           |
| Net income attributable to noncontrolling interests         | (39,662 )          | (42,768 )         |
| Repurchase of shares  | —                  | (278,252 )        |
| Dividends on common shares                                  | (13,720 )          | (11,899 )         |
| Dividends on preference shares                              | (5,595 )           | (5,595 )          |
| Balance – March 31  | 3,577,980          | 3,317,459         |
| Total shareholders' equity                                  | \$4,782,289        | \$3,762,278       |

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the three months ended March 31, 2015 and 2014  
(in thousands of United States Dollars) (Unaudited)

|  | Three months ended |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| Cash flows provided by operating activities  |                    |                   |
| Net income   | \$213,100          | \$199,366         |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities |                    |                   |
| Amortization, accretion and depreciation   | 4,813              | 8,305             |
| Equity in undistributed earnings of other ventures   | (3,676)            | (1,204)           |
| Net realized and unrealized gains on investments   | (41,749)           | (14,927)          |
| Net unrealized gains included in net investment income                                     | (4,885)            | (4,980)           |
| Change in:   |                    |                   |
| Premiums receivable  | (193,690)          | (194,701)         |
| Prepaid reinsurance premiums   | (130,801)          | (141,620)         |
| Reinsurance recoverable  | (12,274)           | 2,063             |
| Deferred acquisition costs   | (35,914)           | (40,206)          |
| Reserve for claims and claim expenses  | (28,787)           | (30,847)          |
| Unearned premiums  | 238,075            | 305,433           |
| Reinsurance balances payable   | 35,995             | 175,622           |
| Other  | (158,812)          | (215,665)         |
| Net cash (used in) provided by operating activities  | (118,605)          | 46,639            |
| Cash flows provided by investing activities  |                    |                   |
| Proceeds from sales and maturities of fixed maturity investments trading                   | 2,075,678          | 1,996,035         |
| Purchases of fixed maturity investments trading  | (1,490,123)        | (1,768,996)       |
| Proceeds from sales and maturities of fixed maturity investments available for sale        | 1,757              | 4,090             |
| Net sales (purchases) of equity investments trading  | 50,627             | (279)             |
| Net sales of short term investments  | 112,795            | 67,313            |
| Net (purchases) sales of other investments   | (7,952)            | 2,116             |
| Net (purchases) sales of investments in other ventures                                     | (126)              | 915               |
| Net purchases of other assets  | (2,500)            | —                 |
| Net purchase of Platinum   | (678,152)          | —                 |
| Net cash provided by investing activities  | 62,004             | 301,194           |
| Cash flows provided by (used in) financing activities                                      |                    |                   |
| Dividends paid – RenaissanceRe common shares   | (13,720)           | (11,899)          |
| Dividends paid – preference shares   | (5,595)            | (5,595)           |
| RenaissanceRe common share repurchases   | (446)              | (262,736)         |
| Issuance of debt, net of expenses  | 297,823            | —                 |
| Net third party redeemable noncontrolling interest share transactions                      | (180,285)          | (147,943)         |
| Net cash provided by (used in) financing activities  | 97,777             | (428,173)         |
| Effect of exchange rate changes on foreign currency cash                                   | (9,142)            | (529)             |
| Net increase (decrease) in cash and cash equivalents                                       | 32,034             | (80,869)          |
| Cash and cash equivalents, beginning of period   | 525,584            | 408,032           |
| Cash and cash equivalents, end of period   | \$557,618          | \$327,163         |

See accompanying notes to the consolidated financial statements

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RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2015

(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, 2014.

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. 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 Accounting Standards Codification Topic Business Combinations and the Company’s consolidated results of operations include those of Platinum from March 2, 2015. Refer to “Note 3. Acquisition of Platinum” for additional information with respect to the acquisition of Platinum.

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

The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, 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. 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, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation. RenaissanceRe 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.

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 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 launched in June 2013 which operates subject to U.S. federal income tax, and Syndicate 1458.

Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon Reinsurance Fund Opportunities Ltd., formerly known as Upsilon Reinsurance II Ltd. (“Upsilon RFO”), a Bermuda domiciled special purpose insurer (“SPI”), 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 limited 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 is not considered the primary beneficiary of Upsilon Fund and as a result Upsilon Fund is not consolidated by the Company.

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

#### 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, 2014, 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 ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

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 Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“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, whether 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 is effective for all entities in annual and interim periods beginning after December 15, 2015. Entities may apply the amendments in ASU 2014-12 either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. 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.

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 is effective for public business entities in annual and interim periods beginning after December 15, 2015. Early adoption is permitted. ASU 2015-03 should be applied retrospectively, and upon transition, applicable disclosures for a change in an accounting principle shall be provided, including the transition method, a description of the prior period information that has been retroactively adjusted, and the effect of the change on the applicable financial statement line items. 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. ACQUISITION OF PLATINUM

Overview

On November 23, 2014, RenaissanceRe entered into a definitive merger agreement with Platinum to acquire 100% of the outstanding common shares of Platinum for \$76 per Platinum common share, or aggregate consideration of \$1.93 billion. The transaction was completed on March 2, 2015.

Prior to the closing of the acquisition of Platinum, Platinum was a publicly traded company listed on the New York Stock Exchange and headquartered in Bermuda. Platinum, through its wholly owned subsidiaries, provides property and casualty reinsurance coverage through reinsurance brokers to insurers and select reinsurers on a worldwide basis. The acquisition of Platinum is expected to benefit the combined companies’ clients through an expanded product offering and enhanced broker relationships and it is also expected to accelerate the growth of the Company’s U.S. specialty and casualty reinsurance platform.

The aggregate consideration for the transaction consisted of the issuance of 7.435 million RenaissanceRe common shares valued at \$761.8 million and \$1.16 billion of cash. The cash consideration was partially funded through a pre-closing dividend from Platinum of \$10 per share, or \$253.2 million (the “Special Dividend”), RenaissanceRe available funds of \$604.4 million and a short term bridge loan of \$300.0 million. On March 24, 2015, RenaissanceRe Finance Inc. (“RenaissanceRe Finance”), a wholly owned subsidiary of RenaissanceRe, issued \$300.0 million of its 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. Refer



to “Note 7. Debt and Credit Facilities” for additional information related to the 3.700% Senior Notes due 2025. In connection with the acquisition of Platinum, RenaissanceRe incurred transaction-related expenses of \$40.4 million in the three months ended March 31, 2015, which includes \$11.5 million related to transaction costs, including due diligence, legal, accounting and investment banking fees and expenses, \$0.9 million of costs related to the integration of Platinum within the RenaissanceRe organization, and \$28.0 million of compensation-related costs associated with terminating employees of Platinum. In the fourth quarter of 2014, RenaissanceRe also incurred \$6.7 million of transaction-related expenses. These expenses have all been reported as a component of corporate expenses.

#### Purchase Price

The Company's total purchase price for Platinum at March 2, 2015 was calculated as follows:

|  |            |              |
|--|------------|--------------|
| Special Dividend   |            |              |
| Number of Platinum common shares and Platinum equity awards canceled in the acquisition of Platinum  | 25,320,312 |              |
| Special Dividend per outstanding common share of Platinum and Platinum equity award  | \$ 10.00   |              |
| Special Dividend paid to common shareholders of Platinum and holders of Platinum equity awards   |            | \$253,203    |
| RenaissanceRe common shares  |            |              |
| Common shares issued by RenaissanceRe  | 7,434,561  |              |
| Common share price of RenaissanceRe as of March 2, 2015  | \$ 102.47  |              |
| Market value of RenaissanceRe common shares issued by RenaissanceRe to common shareholders of Platinum and holders of Platinum equity awards   |            | 761,819      |
| Platinum common shares   |            |              |
| Fair value of Platinum common shares owned by RenaissanceRe and canceled in connection with the acquisition of Platinum  |            | 12,950       |
| Cash consideration   |            |              |
| Number of Platinum common shares and Platinum equity awards canceled in the acquisition of Platinum  | 25,320,312 |              |
| Platinum common shares owned by RenaissanceRe and canceled in connection with the acquisition of Platinum  | (169,220   | )            |
| Number of Platinum common shares and Platinum equity awards canceled in the acquisition of Platinum excluding those owned by RenaissanceRe and canceled in connection with the acquisition of Platinum | 25,151,092 |              |
| Agreed cash price paid to common shareholders of Platinum and holders of Platinum equity awards  | \$ 35.96   |              |
| Cash consideration paid by RenaissanceRe to common shareholders of Platinum and holders of Platinum equity awards  |            | 904,433      |
| Total purchase price   |            | 1,932,405    |
| Less: Special Dividend paid by Platinum  |            | (253,203 )   |
| Net purchase price   |            | \$ 1,679,202 |

#### Fair Value of Net Assets Acquired and Liabilities Assumed

The purchase price was allocated to the acquired assets and liabilities of Platinum based on estimated fair values on March 2, 2015, the date the transaction closed, as detailed below. The Company recognized goodwill of \$191.7 million primarily attributable to Platinum's assembled workforce and synergies expected to result upon integration of Platinum into the Company's operations. There were no other adjustments to carried goodwill during the period ended March 31, 2015 reflected on the Company's consolidated balance



sheet at March 31, 2015. The Company recognized identifiable finite lived intangible assets of \$75.2 million, which will be amortized over a weighted average period of 8 years, identifiable indefinite lived intangible assets of \$8.4 million, and certain other adjustments to the fair values of the assets acquired, liabilities assumed and shareholders' equity of Platinum at March 2, 2015 as summarized in the table below:

|   |             |   |
|---|-------------|---|
| Shareholders' equity of Platinum prior to Special Dividend  | \$1,737,278 |   |
| Cash and cash equivalents (Special Dividend on Platinum common shares and Platinum equity awards)   | (253,203    | ) |
| Adjusted shareholders' equity of Platinum at March 2, 2015  | 1,484,075   |   |
| Adjustments for fair value, by applicable balance sheet caption:  |             |   |
| Deferred acquisition costs  | (44,486     | ) |
| Debt  | (28,899     | ) |
| Reserve for claims and claim expenses   | (21,725     | ) |
| Other assets - deferred debt issuance costs   | (1,046      | ) |
| Total adjustments for fair value by applicable balance sheet caption before tax impact  | (96,156     | ) |
| Other assets - net deferred tax asset related to fair value adjustments   | 29,069      |   |
| Total adjustments for fair value by applicable balance sheet caption  | (67,087     | ) |
| Adjustments for fair value of the identifiable intangible assets:   |             |   |
| Identifiable indefinite lived intangible assets (insurance licenses)  | 8,400       |   |
| Identifiable finite lived intangible assets (non-contractual relationships, renewal rights, value of business acquired, trade name, internally developed and used computer software and covenants not to compete) | 75,200      |   |
| Identifiable intangible assets before tax impact  | 83,600      |   |
| Other liabilities - deferred tax liability on identifiable intangible assets  | (13,115     | ) |
| Total adjustments for fair value of the identifiable intangible assets  | 70,485      |   |
| Total adjustments for fair value by applicable balance sheet caption and identifiable intangible assets   | 3,398       |   |
| Shareholders' equity of Platinum at fair value  | 1,487,473   |   |
| Total net purchase price paid by RenaissanceRe  | 1,679,202   |   |
| Excess purchase price over the fair value of net assets acquired assigned to goodwill   | \$191,729   |   |

An explanation of the significant fair value adjustments is as follows:

• Deferred acquisition costs - To eliminate Platinum's deferred acquisition costs;

• Debt - To reflect Platinum's existing senior notes at fair value using indicative market pricing obtained from third-party service providers;

• Reserve for claims and claim expenses - To reflect an increase in net claims and claim expenses due to the addition of a market based risk margin which represents the cost of capital required by a market participant to assume the net claims and claim expenses of Platinum, partially offset by a deduction which represents the discount due to the present value calculation of the unpaid claims and claim expenses based on the expected payout of the net unpaid claims and claim expenses;

• Other assets - To eliminate deferred debt issuance costs related to Platinum's existing senior notes and to reflect net deferred tax assets related to fair value adjustments;

• Identifiable indefinite lived and finite lived intangible assets - To establish the fair value of identifiable intangible assets related to the acquisition of Platinum described in detail below; and

• Other liabilities - To reflect the deferred tax liability on identifiable intangible assets.

Identifiable intangible assets at March 2, 2015 and at March 31, 2015, consisted of the following, and are included in goodwill and other intangible assets on the Company's consolidated balance sheet:

|   | Amount   | Economic Useful Life |
|---|----------|----------------------|
| Key non-contractual relationships   | \$30,400 | 10 years             |
| Value of business acquired  | 20,200   | 2 years              |
| Renewal rights  | 15,800   | 15 years             |
| Insurance licenses  | 8,400    | Indefinite           |
| Internally developed and used computer software   | 3,500    | 2 years              |
| Other non-contractual relationships   | 2,300    | 3 years              |
| Non-compete agreements  | 1,900    | 2.5 years            |
| Trade name  | 1,100    | 6 months             |
| Identifiable intangible assets, before amortization, at March 2, 2015                       | 83,600   |                      |
| Amortization (from March 2, 2015 through March 31, 2015)                                    | (1,846   | )                    |
| Net identifiable intangible assets at March 31, 2015 related to the acquisition of Platinum | \$81,754 |                      |

An explanation of the identifiable intangible assets is as follows:

- Key non-contractual relationships - these relationships included Platinum's top four brokers (Aon plc, Marsh & McLennan Companies, Inc., Willis Group Holdings Public Limited Company and Jardine Lloyd Thompson Group plc.) and consideration was given to the expectation of the renewal of these relationships and the associated expenses;
- Value of business acquired ("VOBA") - the expected future losses and expenses associated with the policies that were in-force as of the closing date of the transaction were estimated and compared to the future premium remaining expected to be earned. The difference between the risk-adjusted future loss and expenses, discounted to present value and the unearned premium reserve, was estimated to be the VOBA;
- Renewal rights - the value of policy renewal rights taking into consideration written premium on assumed retention ratios and the insurance cash flows and the associated equity cash flows from these renewal policies over the expected life of the renewals;
- Insurance licenses - the value of insurance licenses acquired providing the ability to write reinsurance in all 50 states of the U.S. and the District of Columbia;
- Internally developed and used computer software - represents the value of internally developed and used computer software to be utilized by the Company;
- Other non-contractual relationships - these relationships consisted of Platinum's brokers with the exception of those previously listed above as key non-contractual relationships and consideration was given to the expectation of the renewal of these relationships and the associated expenses;
- Non-compete agreements - represent non-compete agreements with key employees of Platinum; and
- Trade name - represents the value of the Platinum brand acquired.

As part of the allocation of the purchase price, included in the adjustment to other assets in the table above is a deferred tax asset of \$29.1 million related to certain other adjustments to the fair values of the assets acquired, liabilities assumed and shareholders' equity, summarized in the table above, which was partially offset by a deferred tax liability of \$13.1 million related to the estimated fair value of the intangible assets recorded. Other net deferred tax assets recorded primarily relate to differences between financial reporting and tax bases of the acquired assets and liabilities as of the acquisition date, March 2, 2015. The Company estimates that none of the goodwill that was recorded will be deductible for income tax purposes.



## Financial Results

The following table summarizes the results of Platinum since March 2, 2015 that have been included in the Company's consolidated statements of operations and comprehensive income.

|  | For the period<br>from March 2,<br>2015 to March<br>31, 2015 |
|--|--|
| Total revenues   | \$40,139   |
| Net loss attributable to RenaissanceRe common shareholders (1) | \$(19,439 )  |

(1)Includes \$28.0 million of compensation-related costs associated with terminating employees of Platinum.

## Taxation

During the first quarter of 2015, the income tax benefit recorded by the Company was primarily the result of a reduction in the Company's U.S. deferred tax asset valuation allowance of \$47.4 million. A valuation allowance was previously provided against the Company's U.S. deferred tax assets as in the opinion of management, it was more likely than not that a portion of the deferred tax asset would not be realized. However, with the acquisition of Platinum and the expected profits to be experienced in its U.S.-based operations, the Company believes that it is more likely than not that the U.S. deferred tax asset will be realized and has reduced its valuation allowance against such asset.

A valuation allowance continues to be provided against deferred tax assets in Ireland, the U.K., and Singapore. These deferred tax assets relate primarily to net operating loss carryforwards and deferred underwriting results.

## Supplemental Pro Forma Information

Platinum's results have been included in the Company's consolidated financial statements from March 2, 2015 to March 31, 2015. The following table presents unaudited pro forma consolidated financial information for the three months ended March 31, 2015 and 2014 and assumes the acquisition of Platinum occurred on January 1, 2014. The unaudited pro forma consolidated financial information is provided for informational purposes only and is not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of January 1, 2014 or that may be achieved in the future. The unaudited pro forma consolidated financial information does not give consideration to the impact of possible revenue enhancements, expense efficiencies, synergies or asset dispositions that may result from the acquisition of Platinum. In addition, unaudited pro forma consolidated financial information does not include the effects of costs associated with any restructuring or integration activities resulting from the acquisition of Platinum, as they are nonrecurring.

|   | Three months ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Total revenues  | \$460,553          | \$514,017         |
| Net income available to RenaissanceRe common shareholders | 182,806            | 199,094           |

Among other adjustments, and in addition to the fair value adjustments and recognition of goodwill and identifiable intangible assets noted above, other material nonrecurring pro forma adjustments directly attributable to the acquisition of Platinum principally included certain adjustments to recognize transaction related costs, align accounting policies, amortize fair value adjustments, amortize identifiable indefinite lived intangible assets and recognize related tax impacts.

## NOTE 4. INVESTMENTS

## Fixed Maturity Investments Trading

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

|  | March 31,<br>2015 | December 31,<br>2014 |
|--|-------------------|----------------------|
| U.S. treasuries                          | \$1,535,746       | \$1,671,471          |
| Agencies                                 | 152,272           | 96,208               |
| Municipals                               | 1,220,206         | —                    |
| Non-U.S. government (Sovereign debt)     | 329,626           | 280,651              |
| Non-U.S. government-backed corporate     | 151,446           | 146,467              |
| Corporate                                | 1,603,024         | 1,610,442            |
| Agency mortgage-backed                   | 339,279           | 312,333              |
| Non-agency mortgage-backed               | 257,114           | 241,590              |
| Commercial mortgage-backed               | 353,944           | 373,117              |
| Asset-backed                             | 40,186            | 24,406               |
| Total fixed maturity investments trading | \$5,982,843       | \$4,756,685          |

## 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:

| March 31, 2015   | Amortized<br>Cost | Included in Accumulated<br>Other Comprehensive Income<br>Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value | Non-Credit<br>Other-Than-<br>Temporary<br>Impairments<br>(1) |
|--|-------------------|---|-------------------------------|------------|--|
| Agency mortgage-backed                                 | \$2,877           | \$305   | \$—                           | \$3,182    | \$—  |
| Non-agency mortgage-backed                             | 9,054             | 1,937   | (3                            | ) 10,988   | 640  |
| Commercial mortgage-backed                             | 7,287             | 581   | —                             | 7,868      | —  |
| Asset-backed   | 2,938             | 110   | —                             | 3,048      | —  |
| Total fixed maturity investments<br>available for sale | \$22,156          | \$2,933   | \$(3                          | ) \$25,086 | \$640  |

| December 31, 2014          | Amortized<br>Cost | Included in Accumulated<br>Other Comprehensive Income<br>Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value | Non-Credit<br>Other-Than-<br>Temporary<br>Impairments<br>(1) |
|----------------------------|-------------------|---|-------------------------------|------------|--|
| Agency mortgage-backed     | \$3,928           | \$359   | \$—                           | \$4,287    | \$—  |
| Non-agency mortgage-backed | 9,478             | 1,985   | (3                            | ) 11,460   | 656  |
| Commercial mortgage-backed | 7,291             | 643   | —                             | 7,934      | —  |
| Asset-backed               | 3,075             | 129   | —                             | 3,204      | —  |
|                            | \$23,772          | \$3,116   | \$(3                          | ) \$26,885 | \$656  |

Total fixed maturity investments  
available for sale

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.

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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.

| March 31, 2015                   | 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        | \$211,238      | \$209,392   | \$—                | \$—        | \$211,238                        | \$209,392   |
| Due after one through five years | 3,219,374      | 3,220,154   | —                  | —          | 3,219,374                        | 3,220,154   |
| Due after five through ten years | 1,018,158      | 1,018,252   | —                  | —          | 1,018,158                        | 1,018,252   |
| Due after ten years              | 538,096        | 544,522     | —                  | —          | 538,096                          | 544,522     |
| Mortgage-backed                  | 933,152        | 950,337     | 19,218             | 22,038     | 952,370                          | 972,375     |
| Asset-backed                     | 40,091         | 40,186      | 2,938              | 3,048      | 43,029                           | 43,234      |
| Total                            | \$5,960,109    | \$5,982,843 | \$22,156           | \$25,086   | \$5,982,265                      | \$6,007,929 |

#### Equity Investments Trading

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

|                                  | March 31, 2015 | December 31, 2014 |
|----------------------------------|----------------|-------------------|
| Financials                       | \$204,540      | \$222,190         |
| Communications and technology    | 17,905         | 31,376            |
| Industrial, utilities and energy | 15,735         | 28,859            |
| Consumer                         | 11,346         | 19,522            |
| Healthcare                       | 10,042         | 16,582            |
| Basic materials                  | 2,088          | 3,569             |
| Total                            | \$261,656      | \$322,098         |

#### Pledged Investments

At March 31, 2015, \$2,549.8 million 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 standby letter of credit facility and bilateral letter of credit facility (December 31, 2014 - \$2,379.4 million). Of this amount, \$700.4 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities (December 31, 2014 - \$691.9 million).

#### Reverse Repurchase Agreements

At March 31, 2015, the Company held \$116.1 million (December 31, 2014 - \$49.3 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, Net Realized and Unrealized Gains on Investments and Net Other-Than-Temporary Impairments

The components of net investment income are as follows:

|  | Three months ended |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| Fixed maturity investments                 | \$25,939           | \$23,860          |
| Short term investments                     | 197                | 190               |
| Equity investments                         | 2,604              | 796               |
| Other investments                          |                    |                   |
| Hedge funds and private equity investments | 10,413             | 12,317            |
| Other                                      | 3,508              | 4,528             |
| Cash and cash equivalents                  | 148                | 91                |
|  | 42,809             | 41,782            |
| Investment expenses                        | (3,102)            | (2,834)           |
| Net investment income                      | \$39,707           | \$38,948          |

Net realized and unrealized gains on investments are as follows:

|   | Three months ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Gross realized gains  | \$21,532           | \$13,467          |
| Gross realized losses   | (4,871)            | (5,564)           |
| Net realized gains on fixed maturity investments                      | 16,661             | 7,903             |
| Net unrealized gains on fixed maturity investments trading            | 25,972             | 27,882            |
| Net realized and unrealized losses on investments-related derivatives | (4,208)            | (10,899)          |
| Net realized gains (losses) on equity investments trading             | 7,481              | (79)              |
| Net unrealized gains (losses) on equity investments trading           | (4,157)            | (9,880)           |
| Net realized and unrealized gains on investments                      | \$41,749           | \$14,927          |

The following tables provide an analysis of the components of other comprehensive income and reclassifications out of accumulated other comprehensive income.

|   | Three months ended March 31, 2015 |   |          |
|---|-----------------------------------|---|----------|
|   | Investments in other ventures     | Fixed maturity investments available for sale | Total    |
| Beginning balance   | \$ 303                            | \$ 3,113                                      | \$ 3,416 |
| Other comprehensive income (loss) before reclassifications  | 109                               | (132 )  | (23 )    |
| Amounts reclassified from accumulated other comprehensive income by statement of operations line item:                      |                                   |   |          |
| Realized gains reclassified from accumulated other comprehensive income to net realized and unrealized gains on investments | —                                 | (51 )   | (51 )    |
| Net current-period other comprehensive income (loss)  | 109                               | (183 )  | (74 )    |
| Ending balance  | \$ 412                            | \$ 2,930                                      | \$ 3,342 |

|   | Three months ended March 31, 2014 |   |          |
|---|-----------------------------------|---|----------|
|   | Investments in other ventures     | Fixed maturity investments available for sale | Total    |
| Beginning balance                                 | \$ 163                            | \$ 3,968                                      | \$ 4,131 |
| Other comprehensive loss before reclassifications | (3 )                              | (165 )  | (168 )   |
| Ending balance                                    | \$ 160                            | \$ 3,803                                      | \$ 3,963 |

The following tables provide an analysis of the length of time the Company's fixed maturity investments available for sale in an unrealized loss have been in a continual unrealized loss position.

| At March 31, 2015          | Less than 12 Months |                   | 12 Months or Greater |                   | Total      |                   |
|----------------------------|---------------------|-------------------|----------------------|-------------------|------------|-------------------|
|                            | Fair Value          | Unrealized Losses | Fair Value           | Unrealized Losses | Fair Value | Unrealized Losses |
| Non-agency mortgage-backed | \$—                 | \$—               | \$68                 | \$(3 )            | \$68       | \$(3 )            |
| Total                      | \$—                 | \$—               | \$68                 | \$(3 )            | \$68       | \$(3 )            |

| December 31, 2014          | Less than 12 Months |                   | 12 Months or Greater |                   | Total      |                   |
|----------------------------|---------------------|-------------------|----------------------|-------------------|------------|-------------------|
|                            | Fair Value          | Unrealized Losses | Fair Value           | Unrealized Losses | Fair Value | Unrealized Losses |
| Non-agency mortgage-backed | \$—                 | \$—               | \$69                 | \$(3 )            | \$69       | \$(3 )            |
| Total                      | \$—                 | \$—               | \$69                 | \$(3 )            | \$69       | \$(3 )            |

At March 31, 2015, the Company held two fixed maturity investments available for sale securities that were in an unrealized loss position (December 31, 2014 - two), including two fixed maturity investments available for sale securities that were in an unrealized loss position for twelve months or greater (December 31, 2014 - two). The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities before the anticipated recovery of the remaining amortized cost basis. The Company performed reviews of its fixed maturity investments available for sale for the three months ended March 31, 2015 and 2014,

respectively, in order to determine whether declines in the fair value below the amortized cost basis were considered other-than-temporary in accordance with the applicable guidance, as discussed below.

#### Other-Than-Temporary Impairment Process

The Company's process for assessing whether declines in the fair value of its fixed maturity investments available for sale represent impairments that are other-than-temporary includes reviewing each fixed maturity investment available for sale that is impaired and determining: (i) if the Company has the intent to sell the debt security or (ii) if it is more likely than not that the Company will be required to sell the debt security before its anticipated recovery; and (iii) whether a credit loss exists, that is, where the Company expects that the present value of the cash flows expected to be collected from the security is less than the amortized cost basis of the security.

For the three months ended March 31, 2015, the Company recognized \$Nil of other-than-temporary impairments which were recognized in earnings and \$Nil related to other factors which were recognized in other comprehensive income (2014 – \$Nil and \$Nil, respectively).

The following table provides a rollforward of the amount of other-than-temporary impairments related to credit losses recognized in earnings for which a portion of an other-than-temporary impairment was recognized in accumulated other comprehensive income:

|                                   | Three months ended |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | March 31,<br>2015  | March 31,<br>2014 |
| Beginning balance                 | \$498              | \$561             |
| Reductions:                       |                    |                   |
| Securities sold during the period | (13                | ) (16             |
| Ending balance                    | \$485              | \$545             |

#### NOTE 5. 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 March 31, 2015                         | Total        | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|---|--------------|--|---|--|
| Fixed maturity investments                |              |  |   |  |
| U.S. treasuries                           | \$ 1,535,746 | \$ 1,535,746   | \$—   | \$—  |
| Agencies                                  | 152,272      | —  | 152,272   | —  |
| Municipal                                 | 1,220,206    | —  | 1,220,206   | —  |
| Non-U.S. government (Sovereign debt)      | 329,626      | —  | 329,626   | —  |
| Non-U.S. government-backed corporate      | 151,446      | —  | 151,446   | —  |
| Corporate                                 | 1,603,024    | —  | 1,587,550   | 15,474   |
| Agency mortgage-backed                    | 342,461      | —  | 342,461   | —  |
| Non-agency mortgage-backed                | 268,102      | —  | 268,102   | —  |
| Commercial mortgage-backed                | 361,812      | —  | 361,812   | —  |
| Asset-backed                              | 43,234       | —  | 43,234  | —  |
| Total fixed maturity investments          | 6,007,929    | 1,535,746  | 4,456,709   | 15,474   |
| Short term investments                    | 1,775,819    | —  | 1,775,819   | —  |
| Equity investments trading                | 261,656      | 261,656  | —   | —  |
| Other investments                         |              |  |   |  |
| Private equity partnerships               | 271,074      | —  | —   | 271,074  |
| Catastrophe bonds                         | 221,780      | —  | 221,780   | —  |
| Senior secured bank loan fund             | 19,679       | —  | —   | 19,679   |
| Hedge funds                               | 2,373        | —  | —   | 2,373  |
| Total other investments                   | 514,906      | —  | 221,780   | 293,126  |
| Other assets and (liabilities)            |              |  |   |  |
| Assumed and ceded (re)insurance contracts | 72,993       | —  | —   | 72,993   |
| Derivatives (1)                           | 7,376        | (492   | ) 7,892   | (24  |
| Other                                     | (1,547       | ) —  | (1,547  | ) —  |
| Total other assets and (liabilities)      | 78,822       | (492   | ) 6,345   | 72,969   |
|   | \$ 8,639,132 | \$ 1,796,910   | \$ 6,460,653  | \$ 381,569   |

(1) See "Note 13. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

| At December 31, 2014                      | Total        | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|---|--------------|--|---|--|
| Fixed maturity investments                |              |  |   |  |
| U.S. treasuries                           | \$ 1,671,471 | \$ 1,671,471   | \$—   | \$—  |
| Agencies                                  | 96,208       | —  | 96,208  | —  |
| Non-U.S. government (Sovereign debt)      | 280,651      | —  | 280,651   | —  |
| Non-U.S. government-backed corporate      | 146,467      | —  | 146,467   | —  |
| Corporate                                 | 1,610,442    | —  | 1,594,782   | 15,660   |
| Agency mortgage-backed                    | 316,620      | —  | 316,620   | —  |
| Non-agency mortgage-backed                | 253,050      | —  | 253,050   | —  |
| Commercial mortgage-backed                | 381,051      | —  | 381,051   | —  |
| Asset-backed                              | 27,610       | —  | 27,610  | —  |
| Total fixed maturity investments          | 4,783,570    | 1,671,471  | 3,096,439   | 15,660   |
| Short term investments                    | 1,013,222    | —  | 1,013,222   | —  |
| Equity investments trading                | 322,098      | 322,098  | —   | —  |
| Other investments                         |              |  |   |  |
| Private equity partnerships               | 281,932      | —  | —   | 281,932  |
| Catastrophe bonds                         | 200,329      | —  | 200,329   | —  |
| Senior secured bank loan funds            | 19,316       | —  | —   | 19,316   |
| Hedge funds                               | 2,570        | —  | —   | 2,570  |
| Total other investments                   | 504,147      | —  | 200,329   | 303,818  |
| Other assets and (liabilities)            |              |  |   |  |
| Assumed and ceded (re)insurance contracts | (8,744       | ) —  | —   | (8,744   |
| Derivatives (1)                           | 6,345        | (569   | ) 7,104   | (190   |
| Other                                     | (11,509      | ) —  | (11,509   | ) —  |
| Total other assets and (liabilities)      | (13,908      | ) (569   | ) (4,405  | ) (8,934   |
|   | \$ 6,609,129 | \$ 1,993,000   | \$ 4,305,585  | \$ 310,544   |

(1) See “Note 13. 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 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

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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 March 31, 2015, the Company's U.S. treasuries fixed maturity investments were primarily priced by pricing services and had a weighted average effective yield of 0.8% and a weighted average credit quality of AA (December 31, 2014 - 1.0% 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 March 31, 2015, the Company's agency fixed maturity investments had a weighted average effective yield of 1.6% and a weighted average credit quality of AA (December 31, 2014 - 1.2% 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 - In connection with the acquisition of Platinum, the Company acquired a portfolio of municipal fixed maturity investments. At March 31, 2015, the Company's municipal fixed maturity investments had a weighted average effective yield of 2.4% and a weighted average credit quality of AA. 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 - Non-U.S. government fixed maturity investments held by the Company at March 31, 2015 had a weighted average effective yield of 1.0% and a weighted average credit quality of AA (December 31, 2014 - 1.1% 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 - Non-U.S. government-backed corporate fixed maturity investments had a weighted average effective yield of 0.9% and a weighted average credit quality of AA at March 31, 2015 (December 31, 2014 - 1.1% and AAA, 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 March 31, 2015, the Company's corporate fixed maturity investments principally consist of U.S. and international corporations and had a weighted average effective yield of 3.0% and a weighted average credit quality of BBB (December 31, 2014 - 3.2% 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 March 31, 2015, the Company's agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 1.7%, a weighted average credit quality of AA and a weighted average life of 5.4 years (December 31, 2014 - 2.3%, AA and 5.6 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 March 31, 2015, the Company's non-agency prime residential mortgage-backed fixed maturity investments had a weighted average effective yield of 3.4%, a weighted average credit quality of non-investment grade, and a weighted average life of 4.0 years (December 31, 2014 - 3.4%, non-investment grade and 4.1 years, respectively). The Company's non-agency Alt-A fixed maturity investments held at March 31, 2015 had a weighted average effective yield of 4.0%, a weighted average credit quality of BBB and a weighted average life of 5.0 years (December 31, 2014 - 4.3%, BBB and 5.0 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 - The Company's commercial mortgage-backed fixed maturity investments held at March 31, 2015 had a weighted average effective yield of 1.9%, a weighted average credit quality of AA, and a weighted average life of 3.1 years (December 31, 2014 - 2.1%, AAA and 3.5 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 March 31, 2015, the Company's asset-backed fixed maturity investments had a weighted average effective yield of 1.3%, a weighted average credit quality of AAA and a weighted average life of 2.6 years (December 31, 2014 - 1.5%, 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.

#### 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 March 31, 2015 of \$1.5 million were principally 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 March 31, 2015                         | Fair Value (Level 3) | Valuation Technique          | Unobservable (U) and Observable (O) Inputs | Low     | High    | Weighted Average or Actual |   |
|---|----------------------|------------------------------|--|---------|---------|----------------------------|---|
| Fixed maturity investments                |                      |                              |  |         |         |                            |   |
| Corporate                                 | \$ 15,474            | Discounted cash flow (“DCF”) | Credit spread (U)                          | n/a     | n/a     | 1.2                        | % |
|   |                      |                              | Liquidity discount (U)                     | n/a     | n/a     | 1.0                        | % |
|   |                      |                              | Risk-free rate (O)                         | n/a     | n/a     | 0.2                        | % |
|   |                      |                              | Dividend rate (O)                          | n/a     | n/a     | 6.5                        | % |
| Total fixed maturity investments          | 15,474               |                              |  |         |         |                            |   |
| Other investments                         |                      |                              |  |         |         |                            |   |
| Private equity partnerships               | 271,074              | Net asset valuation          | Estimated performance (U)                  | (12.6   | )% 23.0 | % 4.7                      | % |
| Senior secured bank loan fund             | 19,679               | Net asset valuation          | Estimated performance (U)                  | n/a     | n/a     | 0.7                        | % |
| Hedge funds                               | 2,373                | Net asset valuation          | Estimated performance (U)                  | 0.0     | % 0.0   | % 0.0                      | % |
| Total other investments                   | 293,126              |                              |  |         |         |                            |   |
| Other assets and (liabilities)            |                      |                              |  |         |         |                            |   |
| Assumed and ceded (re)insurance contracts | 82,298               | Internal valuation model     | Estimated contract period (U)              | n/a     | n/a     | 746                        |   |
|   |                      |                              | Credit spread above risk-free rate (U)     | n/a     | n/a     | 2.4                        | % |
|   |                      |                              | Net claims and claim expenses ceded (U)    | n/a     | n/a     | \$—                        |   |
| Assumed and ceded (re)insurance contracts | (1,116               | Internal valuation model     | Bond price (U)                             | \$98.19 | \$98.81 | \$98.52                    |   |
|   | )                    |                              | Liquidity premium (U)                      | n/a     | n/a     | 1.3                        | % |
|   | (8,189               | )                            |  | n/a     | n/a     | \$(10,790                  | ) |

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|  |           |                                  |                                      |     |        |           |   |
|--|-----------|----------------------------------|--------------------------------------|-----|--------|-----------|---|
| Assumed and ceded<br>(re)insurance contracts       |           | Internal<br>valuation<br>model   | Net undiscounted<br>cash flows (U)   |     |        |           |   |
|  |           |                                  | Expected loss ratio<br>(U)           | n/a | n/a    | 34.0      | % |
|  |           |                                  | Net acquisition<br>expense ratio (O) | 1.0 | % 13.0 | % 10.0    | % |
|  |           |                                  | Contract period<br>(O)               | 549 | 1,100  | 830       |   |
|  |           |                                  | Discount rate (U)                    | n/a | n/a    | 0.9       | % |
| Total assumed and ceded<br>(re)insurance contracts | 72,993    |                                  |                                      |     |        |           |   |
| Weather contract                                   | (24       | ) Internal<br>valuation<br>model | See below                            | n/a | n/a    | See below |   |
| Total other assets and<br>(liabilities)            | 72,969    |                                  |                                      |     |        |           |   |
|  | \$381,569 |                                  |                                      |     |        |           |   |

## Fixed Maturity Investments

### Corporate

Level 3 - Included in the Company's corporate fixed maturity investments is an investment in the preferred equity of an insurance holding company with a fair value of \$15.5 million at March 31, 2015. The Company measures the fair value of this investment using a DCF model and seeks to incorporate all relevant information reasonably available. The Company considers the contractual agreement which stipulates the methodology for calculating a dividend rate to be paid upon liquidation, conversion or redemption. At March 31, 2015, the dividend rate was 6.5%. In addition, the Company has estimated a liquidity discount of 1.0%, a risk-free rate of 0.2% and a credit spread of 1.2%. To ensure the estimate for fair value determined using the DCF model is reasonable, the Company reviews private market comparables of similar investments, if available, and in particular, credit ratings of other private market comparables for similar investments to determine the appropriateness of its estimate of fair value using a DCF model. The fair value of the Company's investment in this corporate fixed maturity investment determined by a DCF model is positively correlated to the dividend rate, and inversely correlated to the credit spread, liquidity discount and the risk-free rate.

### Other investments

#### Private equity partnerships

Level 3 - Included in the Company's \$271.1 million of investments in private equity partnerships at March 31, 2015 were 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 fair value of private equity partnership investments is based on current estimated net asset values established in accordance with the governing documents of such investments and is obtained from the investment manager or general partner of the respective entity. The type of underlying investments held by the investee which form the basis of the net asset valuation include assets such as private business ventures, for which the Company does not have access to financial information. As a result, the Company is unable to corroborate the fair value measurement of the underlying investments of the private equity partnership and therefore requires significant management judgment to determine the fair value of the private equity partnership. In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, the Company estimates the fair value of these funds by starting with the prior quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, as well as the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which the Company estimates the return for the current period, all relevant information reasonably available to the Company is utilized. This principally includes preliminary estimates reported to the Company by its 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 the Company with respect to the underlying investments, reviewing various indices for similar investments or asset classes, as well as estimating returns based on the results of similar types of investments for which the Company has obtained reported results, or other valuation methods, where possible. The range of such current estimated periodic returns for the three months ended March 31, 2015 was negative 12.6% to positive 23.0% with a weighted average of positive 4.7%. The fair value of the Company's investment in private equity partnerships is positively correlated to the estimated periodic rate of return. The Company also considers factors such as recent financial information, the value of capital transactions with the partnership and management's judgment regarding whether any adjustments should be made to the net asset value. For each respective private equity partnership, the Company obtains and reviews the valuation methodology used by the investment manager or general partner and the latest audited annual financial statements to attempt to ensure that the investment partnership is following fair value principles consistent with GAAP in determining the net asset value of each limited partner's interest.

#### Senior secured bank loan fund

Level 3 - At March 31, 2015 the Company had \$19.7 million invested in a closed end fund which invests primarily in loans. The Company has no right to redeem its investment in this fund. The Company's investment in this fund is valued using the estimated monthly net asset valuation received from the investment manager. The lock up provisions in this fund result in a lack of current observable market transactions between the fund participants and the fund, and therefore the Company considers the fair value of its investment in this fund to be determined using Level 3 inputs. The Company obtains and reviews the latest audited annual financial statements to attempt to ensure that the fund is following fair value principles consistent with GAAP in determining the net asset value. The fair value of the Company's investment in the senior secured bank loan fund is positively correlated to the estimated monthly net asset valuations received from the investment manager.

#### Hedge funds

Level 3 - At March 31, 2015 the Company had \$2.4 million of hedge fund investments that are invested in so called "side pockets" or illiquid investments. In these instances, the Company generally does not have the right to redeem its interest, and as such, the Company classifies this portion of its investment as Level 3. The fair value of these illiquid investments is determined by adjusting the previous periods' reported net asset value (generally one month in arrears) for an estimated periodic rate of return obtained from the respective investment manager.

For each hedge fund investment, the Company obtains and reviews the valuation methodology used by the investment manager and the latest audited annual financial statements to attempt to ensure that the hedge fund investment is following fair value principles consistent with GAAP in determining the net asset value.

#### Other assets and liabilities

##### Assumed and ceded (re)insurance contracts

Level 3 - At March 31, 2015 the Company had an \$82.3 million asset related to a reinsurance deposit asset accounted for at fair value with the fair value obtained through the use of an internal 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 estimated contract period remaining, the credit spread above the risk-free rate and net claims and claim expenses ceded. The credit spread above the risk-free rate is determined by reviewing the credit spreads of fixed maturity investments through observable market data, as well as considering illiquidity and the structure of these contracts. The fair value of the reinsurance deposit assets may increase or decrease due to changes in the estimated contract period remaining, the credit spread and net claims and claim expenses ceded.

Generally, a decrease in the credit spread or a decrease in net claims and claim expenses ceded would result in an increase in the fair value of the reinsurance deposit assets. Conversely, an increase in the credit spread or an increase in net claims and claim expenses ceded would result in a decrease in the fair value of the reinsurance deposit assets.

Level 3 - At March 31, 2015 the Company had a \$1.1 million 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 March 31, 2015 the Company had an \$8.2 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.

#### Weather Contract

Level 3 - At March 31, 2015 the Company had a \$24 thousand liability related to a weather contract entered into with an insurance company, with the fair value determined through the use of an internal valuation model. Inputs to the internal valuation model are based on proprietary data as observable market inputs are not available. The most significant unobservable input is the potential payment that would become due to a counterparty following the occurrence of a triggering event as reported by an external agency. Generally, an increase (decrease) in the potential payment would result in an increase (decrease) to the fair value of the Company's weather contract liability. 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 trading                                      | Other investments | Other assets and (liabilities) | Total       |
| Balance - January 1, 2015   | \$15,660  | \$303,818         | \$(8,934)                      | ) \$310,544 |
| Total unrealized (losses) gains   |   |                   |                                |             |
| Included in net investment income   | (186)   | ) 5,014           | 160                            | 4,988       |
| Total realized gains  |   |                   |                                |             |
| Included in other income  | —   | —                 | 1,316                          | 1,316       |
| Total foreign exchange (losses) gains   | —   | (2,498)           | ) 6                            | (2,492)     |
| Purchases   | —   | 5,738             | 80,421                         | 86,159      |
| Settlements   | —   | (18,946)          | ) —                            | (18,946)    |
| Balance - March 31, 2015  | \$15,474  | \$293,126         | \$72,969                       | \$381,569   |
| Change in unrealized gains for the period included in earnings for assets held at the end of the period | \$(186)   | ) \$5,014         | \$160                          | \$4,988     |
| included in net investment income   |   |                   |                                |             |

|   | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |                   |                                |             |
|---|---|-------------------|--------------------------------|-------------|
|   | Fixed maturity investments trading                                      | Other investments | Other assets and (liabilities) | Total       |
| Balance - January 1, 2014   | \$27,580  | \$344,248         | \$(2,490)                      | ) \$369,338 |
| Total unrealized gains (losses)   |   |                   |                                |             |
| Included in net investment income   | 9,558   | 7,876             | 1,216                          | 18,650      |
| Total foreign exchange gains (losses)   | —   | 6                 | (33)                           | ) (27)      |
| Purchases   | —   | 15,001            | —                              | 15,001      |
| Settlements   | —   | (24,353)          | ) —                            | (24,353)    |
| Balance - March 31, 2014  | \$37,138  | \$342,778         | \$(1,307)                      | ) \$378,609 |
| Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income | \$9,558   | \$7,876           | \$1,216                        | \$18,650    |

#### 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, 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 March 31, 2015 were debt obligations of \$826.8 million (December 31, 2014 - \$249.5 million). At March 31, 2015, the fair value of the Company's debt obligations was \$863.6 million (December 31, 2014 - \$279.0 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. Refer to "Note 7. Debt and Credit Facilities" for additional information related to 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:

|                   | March 31,<br>2015 | December 31,<br>2014 |
|-------------------|-------------------|----------------------|
| Other investments | \$514,906         | \$504,147            |
| Other assets      | \$86,676          | \$5,664              |
| Other liabilities | \$13,683          | \$14,408             |

Included in net investment income for the three months ended March 31, 2015 was net unrealized gains of \$4.9 million related to the changes in fair value of other investments (2014 - gains of \$5.0 million). Net unrealized gains related to the changes in the fair value of other assets and liabilities recorded in other income was \$Nil for the three months ended March 31, 2015 (2014 - \$Nil).



## 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:

| At March 31, 2015  | Fair Value | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period<br>(Minimum<br>Days) | Redemption<br>Notice Period<br>(Maximum<br>Days) |
|--|------------|-------------------------|-------------------------|--|--|
| Private equity partnerships                                    | \$271,074  | \$157,729               | See below               | See below  | See below  |
| Senior secured bank loan fund                                  | 19,679     | 5,924                   | See below               | See below  | See below  |
| Hedge funds  | 2,373      | —                       | See below               | See below  | See below  |
| Total other investments measured<br>using net asset valuations | \$293,126  | \$163,653               |                         |  |  |

Private equity partnerships – Included in the Company's investments in private equity partnerships were 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 fair values of the investments in this category have been estimated in respect of the net asset value of the investments, as discussed in detail above. 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 – The Company has \$19.7 million invested in a closed end fund which invests primarily in loans. The Company has no right to redeem its investment in this fund. The Company's investment in this fund is valued using the estimated monthly net asset valuation received from the investment manager, as discussed in detail above. 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 fair values of the investments in this category are estimated using the net asset value per share of the funds, as discussed in detail above. The Company's investments in hedge funds at March 31, 2015 were \$2.4 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 6. 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 |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| Premiums written                         |                    |                   |
| Direct                                   | \$ 30,813          | \$ 13,855         |
| Assumed                                  | 612,765            | 691,405           |
| Ceded                                    | (239,543)          | (254,913)         |
| Net premiums written                     | \$ 404,035         | \$ 450,347        |
| Premiums earned                          |                    |                   |
| Direct                                   | \$ 22,901          | \$ 14,229         |
| Assumed                                  | 382,603            | 385,598           |
| Ceded                                    | (108,744)          | (113,293)         |
| Net premiums earned                      | \$ 296,760         | \$ 286,534        |
| Claims and claim expenses                |                    |                   |
| Gross claims and claim expenses incurred | \$ 88,995          | \$ 68,150         |
| Claims and claim expenses recovered      | (12,142)           | (9,235)           |
| Net claims and claim expenses incurred   | \$ 76,853          | \$ 58,915         |

#### NOTE 7. DEBT AND CREDIT FACILITIES

##### Debt Obligations

A summary of the Company's debt obligations on its consolidated balance sheets is set forth below:

|                                      | March 31, 2015 |                | December 31, 2014 |                |
|--------------------------------------|----------------|----------------|-------------------|----------------|
|                                      | Fair Value     | Carrying Value | Fair Value        | Carrying Value |
| 3.700% Senior Notes due 2025         | \$ 300,450     | \$ 299,400     | \$—               | \$—            |
| 5.75% Senior Notes due 2020          | 285,000        | 249,545        | 279,000           | 249,522        |
| Series B 7.50% Senior Notes due 2017 | 278,116        | 277,829        | —                 | —              |
|                                      | \$ 863,566     | \$ 826,774     | \$ 279,000        | \$ 249,522     |

##### 3.700% Senior Notes due 2025 of RenaissanceRe Finance

On March 24, 2015, RenaissanceRe Finance issued \$300.0 million of its 3.700% Senior Notes due April 1, 2025, with interest on the notes payable on April 1 and October 1 of each year. The notes are guaranteed by RenaissanceRe and may be redeemed by RenaissanceRe Finance prior to maturity, subject to the payment of a "make-whole" premium if the notes are redeemed prior to January 1, 2025. The notes were issued pursuant to an Indenture, dated as of March 24, 2015, by and among RenaissanceRe, RenaissanceRe Finance, and Deutsche Bank Trust Company Americas, as trustee, as supplemented by a First Supplemental Indenture, dated as of March 24, 2015. The notes contain various covenants, including limitations on mergers and consolidations, restrictions as to the disposition of the stock of designated subsidiaries and limitations on liens of the stock of designated subsidiaries.

The net proceeds from the offering of the notes (together with cash on hand) were applied by RenaissanceRe to repay in full a \$300.0 million bridge loan that Barclays Bank PLC provided to RenaissanceRe on February 25, 2015 in order to finance a portion of the cash consideration paid by RenaissanceRe in connection with the acquisition of Platinum. Refer to "Note 3. Acquisition of Platinum" for additional information related to the cash consideration paid by RenaissanceRe in connection with the acquisition of Platinum.



5.75% Senior Notes due 2020 of RenRe North America Holdings Inc. (“RRNAH”)

On March 17, 2010, RRNAH issued \$250.0 million of its 5.75% Senior Notes due March 15, 2020, with interest on the notes payable on March 15 and September 15 of each year. The notes, which are senior obligations, are guaranteed by RenaissanceRe and may be redeemed by RRNAH prior to maturity, subject to the payment of a “make-whole” premium. The notes were issued pursuant to an Indenture, dated as of March 17, 2010, by and among RenaissanceRe, RRNAH, and Deutsche Bank Trust Company Americas, as trustee, as supplemented by a First Supplemental Indenture, dated as of March 17, 2010. The notes contain various covenants, including limitations on mergers and consolidations, restrictions as to the disposition of the stock of designated subsidiaries and limitations on liens of the stock of designated subsidiaries.

Series B 7.50% Notes due 2017 of Platinum Underwriters Finance, Inc.

Subsequent to the acquisition of Platinum, Platinum Underwriters Finance, Inc., as issuer (“Platinum Finance”), Platinum, as guarantor, RenaissanceRe, as parent guarantor, and The Bank of New York Mellon, as trustee, entered into a Third Supplemental Indenture, dated as of March 3, 2015 (the “Third Supplemental Indenture”). The Third Supplemental Indenture amends the Indenture, dated as of May 26, 2005 (as supplemented by a First Supplemental Indenture, dated as of May 26, 2005 and a Second Supplemental Indenture, dated as of November 2, 2005 (collectively, the “Platinum Finance Indenture”)), pursuant to which Platinum Finance previously issued \$250.0 million in aggregate principal amount of its Series B 7.50% Notes due June 1, 2017 (the “Platinum Finance Notes”). Pursuant to the Third Supplemental Indenture and the Guarantee, dated as of March 3, 2015, executed by RenaissanceRe (the “RenRe Guaranty”), RenaissanceRe became an additional guarantor of Platinum Finance’s obligations under the Platinum Finance Notes and the Platinum Finance Indenture.

Interest on the Platinum Finance Notes is payable on June 1 and December 1 of each year. The Platinum Finance Notes, which are senior obligations, are guaranteed by RenaissanceRe and Platinum and may be redeemed by Platinum Finance prior to maturity, subject to the payment of a “make-whole” premium. The Platinum Finance Notes contain various covenants, including limitations on mergers and consolidations, restrictions as to the disposition of the stock of designated subsidiaries and limitations on liens of the stock of designated subsidiaries.

Credit Facilities

A summary of the Company’s credit facilities is set forth below:

| At March 31, 2015  | Issued or<br>Drawn |
|--|--------------------|
| RenaissanceRe Revolving Credit Facility                        | \$—                |
| Uncommitted Standby Letter of Credit Facility with Wells Fargo | 73,584             |
| Bilateral Letter of Credit Facility with Citibank Europe       | 139,463            |
| Funds at Lloyd’s Letter of Credit Facilities                   |                    |
| Renaissance Reinsurance Master Reimbursement Agreement         | 300,000            |
| Specialty Risks Master Agreement                               | 8,609              |
| Platinum Syndicated Letter of Credit Facility                  | 88,833             |
| Platinum Letter of Credit Facility with NAB and ING            | 6,931              |
| Total credit facilities in U.S. dollars                        | \$617,420          |
| Funds at Lloyd’s Letter of Credit Facilities                   |                    |
| Renaissance Reinsurance Master Reimbursement Agreement         | £70,000            |
| Total credit facilities in pound sterling                      | £70,000            |

RenaissanceRe Revolving Credit Facility

RenaissanceRe is a party to a credit agreement, dated as of May 17, 2012 (the “Revolving Credit Agreement”), with various banks and financial institutions parties thereto (collectively, the “Revolving Lenders”), Wells Fargo Bank, National Association (“Wells Fargo”), as fronting bank, letter of credit administrator and administrative agent (the “Administrative Agent”) for the Revolving Lenders, and certain other agents. The Revolving Credit Agreement previously provided for commitments from the Revolving Lenders in an aggregate amount of \$150.0 million, including the issuance of letters of credit for the respective accounts of RenaissanceRe and certain of RenaissanceRe’s subsidiaries. Effective as of May 23, 2013, RenaissanceRe entered into a First Amendment and Joinder to Credit Agreement (the “Amendment”) with the Administrative Agent and the Revolving Lenders. Among other items, the Amendment (i) increased the aggregate commitment of the Revolving Lenders to \$250.0 million, (ii) added an additional bank as a Revolving Lender, and (iii) eliminated the commitment of the Revolving Lenders to issue letters of credit. After giving effect to the Amendment, RenaissanceRe has the right, subject to certain conditions, to increase the size of the facility up to \$350.0 million.

Amounts borrowed under the Revolving Credit Agreement bear interest at a rate selected by RenaissanceRe equal to the Base Rate or LIBOR (each as defined in the Revolving Credit Agreement) plus a margin, as more fully set forth in the Revolving Credit Agreement. At March 31, 2015, the Company had no borrowings outstanding under the Revolving Credit Agreement.

The Revolving Credit Agreement contains representations, warranties and covenants customary for bank loan facilities of this type. In addition to customary covenants which limit RenaissanceRe and its subsidiaries’ ability to merge, consolidate, enter into negative pledge agreements, sell a substantial amount of assets, incur liens and declare or pay dividends under certain circumstances, the Revolving Credit Agreement also contains certain financial covenants. These financial covenants generally provide that consolidated debt to capital shall not exceed the ratio of 0.35:1 and that for the three months ended March 31, 2015, the consolidated net worth of RenaissanceRe and Renaissance Reinsurance shall equal or exceed approximately \$2.3 billion and \$1.1 billion, respectively (the “Net Worth Requirements”). The Net Worth Requirements are recalculated effective as of the end of each fiscal year, as more fully set forth in the Revolving Credit Agreement.

In the event of the occurrence and continuation of certain events of default, the Administrative Agent shall, at the request of the Required Lenders (as defined in the Revolving Credit Agreement), or may, with the consent of the Required Lenders, among other things, take any or all of the following actions: terminate the Revolving Lenders’ obligations to make loans and accelerate the outstanding obligations of RenaissanceRe under the Revolving Credit Agreement.

The commitments under the Revolving Credit Agreement expire on May 17, 2015. Our ability to renew the Revolving Credit Agreement, and the terms of such renewal, if any, will depend upon the facts and circumstances at the time, including our financial position, operating results and credit and capital market conditions. In the event that RenaissanceRe is unable to renew the Revolving Credit Agreement at a reasonable price and otherwise on terms satisfactory to it or at all, or if RenaissanceRe decides not to renew the Revolving Credit Agreement in whole or in part, it may pursue alternative financing arrangements in order to meet its ongoing liquidity needs.

#### Uncommitted Standby Letter of Credit Facility with Wells Fargo

Effective as of December 23, 2014, RenaissanceRe and certain of its subsidiaries and affiliates, Renaissance Reinsurance, RenaissanceRe Specialty Risks and DaVinci (such affiliates, collectively, the “Applicants”), entered into a Standby Letter of Credit Agreement (the “Standby Letter of Credit Agreement”) with Wells Fargo. The Standby Letter of Credit Agreement provides for a secured, uncommitted facility under which letters of credit may be issued from time to time for the respective accounts of the Applicants. RenaissanceRe has unconditionally guaranteed the payment obligations of Renaissance Reinsurance and Renaissance Specialty Risks under the Standby Letter of Credit Agreement and all other related credit documents.

In the Standby Letter of Credit Agreement, each of RenaissanceRe and the Applicants makes, as to itself, certain representations and warranties and severally agrees to comply with certain covenants, in each case, that are customary for facilities of this type. Under the Standby Letter of Credit Agreement, each Applicant is severally required to pledge to Wells Fargo at all times during the term of the Standby Letter of Credit Agreement eligible collateral having a value (as determined as therein provided) that equals or exceeds the



aggregate face amount of the outstanding letters of credit issued for its account plus all such Applicant's payment and reimbursement obligations in respect of such letters of credit and under the Standby Letter of Credit Agreement. In the case of an event of default under the Standby Letter of Credit Agreement, Wells Fargo may exercise certain remedies, including conversion of collateral of a defaulting Applicant into cash.

At March 31, 2015, the Applicants had \$73.6 million of letters of credit with effective dates on or before March 31, 2015 outstanding under the Standby Letter of Credit Agreement.

#### Bilateral Letter of Credit Facility with Citibank Europe

Pursuant to the facility letter, dated September 17, 2010 (as amended on July 14, 2011, October 1, 2013, December 23, 2014 and March 31, 2015, the "Facility Letter"), among Citibank Europe plc ("CEP") and certain subsidiaries and affiliates of RenaissanceRe, CEP has established a letter of credit facility (the "Bilateral Facility") under which CEP provides a commitment to issue letters of credit for the account of one or more of the Bilateral Facility Participants (as defined below) and their respective subsidiaries in multiple currencies. The "Bilateral Facility Participants" include Renaissance Reinsurance, DaVinci and RenaissanceRe Specialty Risks (each of which were original signatories to the Facility Letter), Renaissance Reinsurance of Europe and RenaissanceRe Specialty U.S. (each of which became parties to the Facility Letter effective October 1, 2013) and Platinum Bermuda and Renaissance Reinsurance U.S. (each of which became parties to the Facility Letter effective March 31, 2015). The aggregate commitment amount is \$300.0 million, subject to (i) a sublimit of \$50.0 million for letters of credit issued for the account of RenaissanceRe Specialty U.S. and (ii) a combined sublimit of \$25.0 million for letters of credit issued for the accounts of Platinum Bermuda and Renaissance Reinsurance U.S.

Effective March 31, 2015, with the exception of certain ancillary collateral documents, the agreements evidencing the bilateral letter of credit facility that had previously been in place among CEP, Platinum Bermuda and Platinum US (the "Platinum/CEP Bilateral Facility") were terminated. In addition, effective March 31, 2015, certain letters of credit issued on behalf of Platinum Bermuda and Renaissance Reinsurance U.S. under the Platinum/CEP Bilateral Facility are deemed to be letters of credit issued under the Bilateral Facility and the terms of the Bilateral Facility apply to such letters of credit.

The Bilateral Facility is scheduled to expire on December 31, 2015. The Bilateral Facility is evidenced by the Facility Letter and seven separate master agreements between CEP and each of the Bilateral Facility Participants, as well as certain ancillary collateral agreements.

Under the Bilateral Facility, each of the Bilateral Facility Participants is severally obligated to pledge to CEP at all times during the term of the Bilateral Facility certain securities with a value (as determined as therein provided) that equals or exceeds the aggregate face amount of its then-outstanding letters of credit. In the case of an event of default under the Bilateral Facility with respect to a Bilateral Facility Participant, CEP may exercise certain remedies with respect to such Bilateral Facility Participant, including terminating its commitment to such Bilateral Facility Participant under the Bilateral Facility and taking certain actions with respect to the collateral pledged by such Bilateral Facility Participant (including the sale thereof). In the Facility Letter, each Bilateral Facility Participant makes, as to itself, representations and warranties that are customary for facilities of this type and severally agrees that it will comply with certain informational and other undertakings, including those regarding the delivery of quarterly and annual financial statements.

At March 31, 2015, \$139.5 million aggregate face amount of letters of credit was outstanding and, subject to the sublimits described above, \$160.5 million remained unused and available to the Bilateral Facility Participants under the Bilateral Facility.

#### Funds at Lloyd's Letter of Credit Facilities

Effective November 24, 2014, Renaissance Reinsurance and CEP entered into a Second Amended and Restated Pledge Agreement (the "Renaissance Reinsurance Pledge Agreement") in respect of its letter of credit facility with CEP which is evidenced by the Master Agreement, dated as of April 29, 2009 (the "Renaissance Reinsurance Master Agreement"), and which provides for the issuance and renewal of letters of credit that are used to support business written by Syndicate 1458. Pursuant to the Renaissance Reinsurance Pledge Agreement, Renaissance Reinsurance has agreed to pledge to CEP at all times during the term of the Renaissance Reinsurance Master Agreement certain qualifying securities with a value (as determined as therein provided) that equals or exceeds the aggregate face amount

of the then-outstanding letters of credit issued under the Renaissance Reinsurance Master Agreement. At March 31, 2015, letters

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of credit issued by CEP under the Renaissance Reinsurance Master Reimbursement Agreement were outstanding in the face amount of \$300.0 million and £70.0 million, respectively.

Effective November 24, 2014, RenaissanceRe Specialty Risks and CEP entered into the Master Agreement (the “Specialty Risks Master Agreement” and, together with the Renaissance Reinsurance Master Agreement, the “Master Agreements”), which provides for the issuance and renewal by CEP for the account of RenaissanceRe Specialty Risks of letters of credit that are used to support business written by Syndicate 1458, and a related Pledge Agreement (the “Specialty Risks Pledge Agreement” and, together with the Renaissance Reinsurance Pledge Agreement, the “Pledge Agreements”). Pursuant to the Specialty Risks Pledge Agreement, RenaissanceRe Specialty Risks has agreed to pledge to CEP at all times during the term of the Specialty Risks Master Agreement certain qualifying securities with a value (as determined as therein provided) equal to the aggregate face amount of the then-outstanding letters of credit issued under the Specialty Risks Master Agreement. At March 31, 2015, letters of credit issued by CEP under the Specialty Risks Master Agreement were outstanding in the face amount of \$8.6 million.

Each of the Master Agreements and the Pledge Agreements contains representations, warranties and covenants that are customary for facilities of this type.

#### Platinum Syndicated Letter of Credit Facility

Effective March 2, 2015 and subsequent to the acquisition of Platinum, Platinum entered into a Consent and Amendment to Credit Agreement (the “Credit Agreement Amendment”) with Wells Fargo, the lenders party thereto and certain subsidiaries of Platinum party thereto (the “Platinum Subsidiary Borrowers”). The Credit Agreement Amendment amends the Third Amended and Restated Credit Agreement, dated as of April 9, 2014, by and among Platinum, the Platinum Subsidiary Borrowers, Wells Fargo and the lenders party thereto (as amended, supplemented or otherwise modified from time to time, the “Platinum Credit Agreement”). Among other things, the Credit Agreement Amendment (i) evidences the consent to the acquisition of Platinum of the lenders under the Platinum Credit Agreement, (ii) reduces the aggregate amount available under the Platinum Credit Agreement to \$100.0 million, all of which is available for letters of credit, (iii) eliminates the sublimit under the Platinum Credit Agreement for revolver borrowings, (iv) reflects the addition of RenaissanceRe as a guarantor of the obligations of Platinum and the Platinum Subsidiary Borrowers under the Platinum Credit Agreement and (v) eliminates or modifies certain of the covenants and events of default under the Platinum Credit Agreement.

Effective March 2, 2015, RenaissanceRe entered into a Guaranty for the benefit of the lenders under the Platinum Credit Agreement pursuant to which RenaissanceRe guaranteed the obligations of Platinum and the Platinum Subsidiary Borrowers under the Platinum Credit Agreement and agreed to certain information reporting and financial covenants. The financial covenants are the same financial covenants as in effect as of March 2, 2015 under the Revolving Credit Agreement.

At March 31, 2015, \$88.8 million aggregate face amount of letters of credit was outstanding and \$11.2 million remained unused and available to the Platinum Subsidiary Borrowers under the Platinum Credit Agreement.

#### Platinum Letter of Credit Facility with National Australia Bank Limited and ING Bank, N.V.

Effective March 2, 2015 and subsequent to the acquisition of Platinum, Platinum Bermuda, as borrower, and Platinum, as guarantor, entered into a Consent and Amendment to Facility Agreement (the “Facility Agreement Amendment”) with National Australia Bank Limited (“NAB”) and ING Bank, N.V. (“ING”). The Facility Agreement Amendment amends the Uncommitted \$125.0 million Facility Agreement, dated as of July 31, 2012, by and among Platinum Bermuda, Platinum, National Australia Bank Limited and ING Bank, N.V. (as amended, supplemented or otherwise modified from time to time, the “Facility Agreement”). Among other things, the Facility Agreement Amendment (i) evidences the consent of NAB and ING to the acquisition of Platinum, (ii) reflects the addition of RenaissanceRe as a guarantor of the obligations of Platinum and Platinum Bermuda under the Facility Agreement and (iii) eliminates or modifies certain of the covenants and events of default under the Facility Agreement.

Effective March 2, 2015, RenaissanceRe entered into a Guaranty for the benefit of NAB and ING pursuant to which RenaissanceRe guaranteed the obligations of Platinum Bermuda and Platinum under the Facility Agreement and agreed to certain information reporting and financial covenants. The financial covenants are the same financial covenants as in effect as of March 2, 2015 under the Revolving Credit Agreement.





At March 31, 2015, \$6.9 million aggregate face amount of letters of credit was outstanding under the Facility Agreement and \$118.1 million remained unused and available to Platinum Bermuda under the Facility Agreement.

#### Top Layer Re

Renaissance Reinsurance is party to a collateralized letter of credit and reimbursement agreement in the amount of \$37.5 million that supports the Company's Top Layer Re joint venture. 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.

#### DaVinciRe Loan Agreement

On March 30, 2011, DaVinciRe entered into a loan agreement with RenaissanceRe (the "DaVinciRe Loan Agreement") under which RenaissanceRe made a loan to DaVinciRe in the principal amount of \$200.0 million on April 1, 2011. The loan matures on March 31, 2021 and interest on the loan is payable at a rate of three-month LIBOR plus 3.5% and is due at the end of each March, June, September and December, commencing on June 30, 2011. Under the terms of the DaVinciRe Loan Agreement, DaVinciRe is required to maintain a debt to capital ratio of no greater than 0.40:1 and a net worth of no less than \$500.0 million. At March 31, 2015, \$100.0 million remained outstanding under the DaVinciRe Loan Agreement. Refer to "Note 16. Subsequent Events" for additional information with respect to the DaVinciRe Loan Agreement and its payment in full on May 4, 2015.

#### NOTE 8. NONCONTROLLING INTERESTS

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

|  | March 31,<br>2015 | December 31,<br>2014 |
|--|-------------------|----------------------|
| Redeemable noncontrolling interest - DaVinciRe | \$867,734         | \$1,037,306          |
| Redeemable noncontrolling interest - Medici    | 100,697           | 94,402               |
| Redeemable noncontrolling interest             | \$968,431         | \$1,131,708          |

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

|   | Three months ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Redeemable noncontrolling interest - DaVinciRe      | \$38,326           | \$41,180          |
| Redeemable noncontrolling interest - Medici         | 1,336              | 1,588             |
| Net income attributable to noncontrolling interests | \$39,662           | \$42,768          |

#### 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 noncontrolling interests. The Company's noncontrolling economic ownership in DaVinciRe was 26.3% at March 31, 2015 (December 31, 2014 - 23.4%). DaVinciRe shareholders are party to a shareholders agreement (the "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. Payment will be made by April 1, following delivery of the audited financial statements for the year in which the repurchase was effective. The repurchase price is subject to a true-up for development on outstanding loss reserves after settlement of all claims relating to the applicable years.

2014

During January 2014, DaVinciRe redeemed a portion of its outstanding shares from all existing DaVinciRe shareholders, including RenaissanceRe, while a new DaVinciRe shareholder purchased shares in DaVinciRe. The net redemption as a result of these transactions was \$300.0 million. In connection with the redemption, DaVinciRe retained a \$30.0 million holdback. The Company’s noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 26.5%, effective January 1, 2014.

Effective July 1, 2014, RenaissanceRe sold a portion of its shares of DaVinciRe to an existing third party shareholder. RenaissanceRe sold these shares for \$38.9 million. The Company’s ownership in DaVinciRe was 26.5% at June 30, 2014 and subsequent to the above transaction, its ownership interest in DaVinciRe decreased to 23.4% effective July 1, 2014.

2015

During January 2015, DaVinciRe redeemed a portion of its outstanding shares from certain existing DaVinciRe shareholders, including the Company. 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.

Refer to “Note 16. Subsequent Events” for additional information with respect to DaVinciRe’s issuance of its senior notes.

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 |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Beginning balance   | \$1,037,306        | \$1,063,368       |
| Redemption of shares from redeemable noncontrolling interest  | (207,898           | ) (218,879        |
| Sale of shares to redeemable noncontrolling interests         | —                  | 9,722             |
| Net income attributable to redeemable noncontrolling interest | 38,326             | 41,180            |
| Ending balance  | \$867,734          | \$895,391         |

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 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.

2014

During 2014, third-party investors subscribed for and redeemed an aggregate of \$57.3 million and \$3.1 million, respectively, of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company's economic ownership in Medici was 53.2%, effective December 31, 2014.

2015

During the three months ended March 31, 2015, third-party investors subscribed for and redeemed an aggregate of \$19.6 million and \$14.7 million, respectively, of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company's economic ownership in Medici was 48.6%, effective March 31, 2015.

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 |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Beginning balance   | \$94,402           | \$36,492          |
| Redemption of shares from redeemable noncontrolling interest  | (14,684            | ) (1,875          |
| Sale of shares to redeemable noncontrolling interests         | 19,643             | 55,385            |
| Net income attributable to redeemable noncontrolling interest | 1,336              | 1,588             |
| Ending balance  | \$100,697          | \$91,590          |

#### NOTE 9. VARIABLE INTEREST ENTITIES

##### Upsilon Fund

Effective November 13, 2014, the Company incorporated Upsilon Fund, an exempted Bermuda limited 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 considered a VIE as the voting rights of the equity investors are not proportionate with the respective obligation to absorb expected losses or the right to receive expected residual returns. The Company does not have the obligation to absorb the losses, nor the right to receive the benefits, in accordance with the accounting guidance, that could be significant to Upsilon Fund. However, the Company does have the power over the activities that most significantly impact the economic performance of Upsilon Fund. Since the Company does not meet both criteria noted above, the Company is not the primary beneficiary of Upsilon Fund, and accordingly, does not consolidate Upsilon Fund. The Company has not provided any financial or other support to Upsilon Fund that was not contractually required to be provided.

##### Upsilon RFO

Effective January 1, 2013, the Company formed and launched Upsilon RFO, a managed joint venture, and a Bermuda domiciled SPI, 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. Both Upsilon RFO and the insurance participation are managed by RUM in return for an expense override and profit commission.

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: (i) has the power over the activities that most significantly impact the economic performance of Upsilon RFO and (ii) has the obligation to absorb losses and the right to receive benefits, in accordance with the accounting guidance, that could be significant to Upsilon RFO. As a result, the Company consolidates Upsilon RFO and all significant inter-company transactions have been eliminated. The Company has not provided financial or other support to Upsilon RFO that was not contractually required to be provided.

2014

In conjunction with risks incepting during the first quarter of 2014, \$172.4 million of Upsilon RFO non-voting preference shares were sold to unaffiliated third-party investors. Additionally, \$109.7 million of the non-voting preference shares were acquired by the Company, representing a 38.9% participation in the risks assumed by Upsilon RFO incepting during the first quarter of 2014. In addition, another third party investor supplied \$15.0 million of capital through an insurance contract with the Company related to Upsilon RFO's reinsurance portfolio. Inclusive of the insurance contract, the Company had a 33.6% participation in the original risks assumed by Upsilon RFO in conjunction with risks incepting during the first quarter of 2014.

In conjunction with risks incepting during the second quarter of 2014, \$43.1 million of Upsilon RFO non-voting preference shares were sold to unaffiliated third-party investors. Additionally, \$13.5 million of the non-voting preference shares were acquired by the Company, representing a 23.9% participation in the risks assumed by Upsilon RFO incepting during the second quarter of 2014. In addition, another third party investor supplied \$5.0 million of capital through an insurance contract with the Company related to Upsilon RFO's reinsurance portfolio. Inclusive of the insurance contract, the Company had a 15.0% participation in the original risks assumed by Upsilon RFO in conjunction with risks incepting during the second quarter of 2014.

2015

During January 2015, Upsilon RFO returned capital to all of the investors who participated in risks incepting on January 1, 2014 and expiring on December 31, 2014, including the Company. The total amount of capital agreed to be returned was \$352.8 million, with \$317.5 million of this repaid during January 2015.

In conjunction with risks incepting during the first quarter of 2015, \$128.7 million of Upsilon RFO non-voting preference shares were sold to unaffiliated third-party investors through their investment in Upsilon Fund. Additionally, \$41.3 million of the non-voting preference shares were acquired by the Company, representing a 24.3% participation in the risks assumed by Upsilon RFO incepting during the first quarter of 2015.

At March 31, 2015, the Company's consolidated balance sheet included total assets and total liabilities of Upsilon RFO of \$343.6 million and \$343.6 million, respectively, including \$10.0 million of capital raised from third party investors and received by Upsilon RFO prior to March 31, 2015 for risks incepted during the second quarter of 2015 (December 31, 2014 - \$621.3 million and \$621.3 million, respectively, including \$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).

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

On March 14, 2013, Mona Lisa Re was licensed as a Bermuda domiciled SPI 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 ("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 March 31, 2015, the total assets and total liabilities of Mona Lisa Re were \$181.1 million and \$181.1 million, respectively (December 31, 2014 - \$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 three months ended March 31, 2015 (2014 - \$Nil and \$Nil, respectively). In addition, Renaissance Reinsurance and DaVinci recognized ceded premiums earned related to the ceded reinsurance contracts with Mona Lisa Re of \$1.9 million and \$1.3 million, respectively, during the three months ended March 31, 2015 (2014 - \$2.4 million and \$1.7 million, respectively).

#### NOTE 10. SHAREHOLDERS' EQUITY

##### Dividends

The Board of Directors of RenaissanceRe declared a dividend of \$0.30 per common share to common shareholders of record on March 13, 2015, and RenaissanceRe paid a dividend of \$0.30 per common share to common shareholders on March 31, 2015. During the three months ended March 31, 2015, the Company declared and paid \$5.6 million in preference share dividends (2014 - \$5.6 million) and \$13.7 million in common share dividends (2014 - \$11.9 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. Unless terminated earlier by resolution of 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 three months ended March 31, 2015, the Company did not repurchase any shares under its authorized share repurchase program. At March 31, 2015, \$500.0 million remained available for repurchase under the Board authorized share repurchase program. See "Part II, Item 2 - Unregistered Sales of Equity Securities and use of Proceeds" for additional information. Refer to "Note 16. Subsequent Events" for additional information with respect to share repurchases after March 31, 2015.



## NOTE 11. EARNINGS PER SHARE

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

| (thousands of shares)   | Three months ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Numerator:  |                    |                   |
| Net income available to RenaissanceRe common shareholders   | \$ 167,843         | \$ 151,003        |
| Amount allocated to participating common shareholders (1)   | (2,025             | ) (2,031          |
| Net income allocated to RenaissanceRe common shareholders   | \$ 165,818         | \$ 148,972        |
| Denominator:  |                    |                   |
| Denominator for basic income per RenaissanceRe common share - weighted average common shares                                    | 39,631             | 41,238            |
| Per common share equivalents of employee stock options and restricted shares  | 390                | 665               |
| Denominator for diluted income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions | 40,021             | 41,903            |
| Net income available to RenaissanceRe common shareholders per common share – basic  | \$ 4.18            | \$ 3.61           |
| Net income available to RenaissanceRe common shareholders per common share – diluted  | \$ 4.14            | \$ 3.56           |

(1) Represents earnings attributable to holders of unvested restricted shares issued under the Company's 2001 Stock Incentive Plan and Non-Employee Director Stock Incentive Plan.

## NOTE 12. 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 current 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 acquisition related expenses.

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 March 31, 2015                              | Catastrophe Reinsurance | Specialty Reinsurance | Lloyd's   | Other     | Total     |    |
|--|-------------------------|-----------------------|-----------|-----------|-----------|----|
| Gross premiums written (1)                                     | \$389,247               | \$124,291             | \$130,130 | \$(90)    | \$643,578 |    |
| Net premiums written   | \$222,640               | \$103,915             | \$77,569  | \$(89)    | \$404,035 |    |
| Net premiums earned  | \$143,767               | \$94,876              | \$58,206  | \$(89)    | \$296,760 |    |
| Net claims and claim expenses incurred                         | 7,594                   | 39,588                | 29,843    | (172)     | 76,853    |    |
| Acquisition expenses   | 7,654                   | 20,689                | 14,693    | 365       | 43,401    |    |
| Operational expenses   | 20,363                  | 13,290                | 11,940    | 28        | 45,621    |    |
| Underwriting income (loss)                                     | \$108,156               | \$21,309              | \$1,730   | \$(310)   | 130,885   |    |
| Net investment income  |                         |                       |           | 39,707    | 39,707    |    |
| Net foreign exchange losses                                    |                         |                       |           | (3,130)   | (3,130)   |    |
| Equity in earnings of other ventures                           |                         |                       |           | 5,295     | 5,295     |    |
| Other income   |                         |                       |           | 1,539     | 1,539     |    |
| Net realized and unrealized gains on investments               |                         |                       |           | 41,749    | 41,749    |    |
| Corporate expenses   |                         |                       |           | (45,598)  | (45,598)  |    |
| Interest expense   |                         |                       |           | (5,251)   | (5,251)   |    |
| Income before taxes and noncontrolling interests               |                         |                       |           |           | 165,196   |    |
| Income tax benefit   |                         |                       |           | 47,904    | 47,904    |    |
| Net income attributable to noncontrolling interests            |                         |                       |           | (39,662)  | (39,662)  |    |
| Dividends on preference shares                                 |                         |                       |           | (5,595)   | (5,595)   |    |
| Net income available to RenaissanceRe common shareholders      |                         |                       |           |           | \$167,843 |    |
| Net claims and claim expenses incurred – current accident year | \$24,124                | \$49,264              | \$25,610  | \$—       | \$98,998  |    |
| Net claims and claim expenses incurred – prior accident years  | (16,530)                | (9,676)               | 4,233     | (172)     | (22,145)  |    |
| Net claims and claim expenses incurred – total                 | \$7,594                 | \$39,588              | \$29,843  | \$(172)   | \$76,853  |    |
| Net claims and claim expense ratio – current accident year     | 16.8                    | % 51.9                | % 44.0    | % —       | % 33.4    | %  |
| Net claims and claim expense ratio – prior accident years      | (11.5)                  | )% (10.2)             | )% 7.3    | % 193.3   | % (7.5)   | )% |
| Net claims and claim expense ratio – calendar year             | 5.3                     | % 41.7                | % 51.3    | % 193.3   | % 25.9    | %  |
| Underwriting expense ratio                                     | 19.5                    | % 35.8                | % 45.7    | % (441.6) | % 30.0    | %  |
| Combined ratio   | 24.8                    | % 77.5                | % 97.0    | % (248.3) | % 55.9    | %  |

(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 three months ended March 31, 2015.



| Three months ended March 31,<br>2014                              | Catastrophe<br>Reinsurance | Specialty<br>Reinsurance | Lloyd's  | Other        | Total     |    |
|---|----------------------------|--------------------------|----------|--------------|-----------|----|
| Gross premiums written  | \$467,711                  | \$154,290                | \$83,259 | \$—          | \$705,260 |    |
| Net premiums written  | \$259,489                  | \$125,489                | \$65,369 | \$—          | \$450,347 |    |
| Net premiums earned   | \$164,584                  | \$69,630                 | \$52,297 | \$23         | \$286,534 |    |
| Net claims and claim expenses<br>incurred                         | 6,455                      | 26,081                   | 26,281   | 98           | 58,915    |    |
| Acquisition expenses  | 7,126                      | 16,547                   | 10,567   | (540 )       | 33,700    |    |
| Operational expenses  | 20,419                     | 10,106                   | 12,033   | 66           | 42,624    |    |
| Underwriting income   | \$130,584                  | \$16,896                 | \$3,416  | \$399        | 151,295   |    |
| Net investment income   |                            |                          |          | 38,948       | 38,948    |    |
| Net foreign exchange losses                                       |                            |                          |          | (1,061 )     | (1,061 )  |    |
| Equity in earnings of other ventures                              |                            |                          |          | 4,199        | 4,199     |    |
| Other income  |                            |                          |          | 62           | 62        |    |
| Net realized and unrealized gains on<br>investments               |                            |                          |          | 14,927       | 14,927    |    |
| Corporate expenses  |                            |                          |          | (4,545 )     | (4,545 )  |    |
| Interest expense  |                            |                          |          | (4,293 )     | (4,293 )  |    |
| Income before taxes and<br>noncontrolling interests               |                            |                          |          |              | 199,532   |    |
| Income tax expense  |                            |                          |          | (166 )       | (166 )    |    |
| Net income attributable to<br>noncontrolling interests            |                            |                          |          | (42,768 )    | (42,768 ) |    |
| Dividends on preference shares                                    |                            |                          |          | (5,595 )     | (5,595 )  |    |
| Net income available to<br>RenaissanceRe common<br>shareholders   |                            |                          |          |              | \$151,003 |    |
| Net claims and claim expenses<br>incurred – current accident year | \$12,529                   | \$41,922                 | \$21,157 | \$—          | \$75,608  |    |
| Net claims and claim expenses<br>incurred – prior accident years  | (6,074 )                   | (15,841 )                | 5,124    | 98           | (16,693 ) |    |
| Net claims and claim expenses<br>incurred – total                 | \$6,455                    | \$26,081                 | \$26,281 | \$98         | \$58,915  |    |
| Net claims and claim expense ratio –<br>current accident year     | 7.6                        | % 60.2                   | % 40.5   | % —          | % 26.4    | %  |
| Net claims and claim expense ratio –<br>prior accident years      | (3.7 )                     | )% (22.7 )               | )% 9.8   | % 426.1      | % (5.8 )  | )% |
| Net claims and claim expense ratio –<br>calendar year             | 3.9                        | % 37.5                   | % 50.3   | % 426.1      | % 20.6    | %  |
| Underwriting expense ratio  | 16.8                       | % 38.2                   | % 43.2   | % (2,060.9 ) | % 26.6    | %  |
| Combined ratio  | 20.7                       | % 75.7                   | % 93.5   | % (1,634.8 ) | % 47.2    | %  |

## NOTE 13. 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 accounts for its derivatives in accordance

with FASB ASC Topic Derivatives and Hedging, which requires all derivatives to be recorded at fair value on the Company's balance sheet as either assets or liabilities, depending on the rights or obligations of the derivatives, with changes in fair value reflected in current earnings. The Company does not currently apply hedge accounting in respect of any positions reflected in its consolidated financial statements. 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 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 March 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                  | \$2,079                            | 2,043                                     | \$36   | Other assets           | \$—        | \$36       |
| Foreign currency forward contracts (1) | 16,646                             | 5,808                                     | 10,838   | Other assets           | —          | 10,838     |
| Foreign currency forward contracts (2) | 1,774                              | 106                                       | 1,668  | Other assets           | 290        | 1,378      |
| Credit default swaps                   | 464                                | 13  | 451  | Other assets           | 310        | 141        |
| Total                                  | \$20,963                           | \$7,970                                   | \$12,993   |                        | \$600      | \$12,393   |

  

| At March 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                  | \$2,571                                 | 2,043                                     | \$528   | Other liabilities      | \$528              | \$—        |
| Foreign currency forward contracts (1) | 6,377                                   | 1,415                                     | 4,962   | Other liabilities      | —                  | 4,962      |
| Foreign currency forward contracts (2) | 208                                     | 106                                       | 102   | Other liabilities      | —                  | 102        |
| Credit default swaps                   | 14                                      | 13  | 1   | Other liabilities      | —                  | 1          |
| Weather contract                       | 24                                      | —   | 24  | Other liabilities      | 24                 | —          |
| Total                                  | \$9,194                                 | \$3,577                                   | \$5,617   |                        | \$552              | \$5,065    |

(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, 2014                   | 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                  | \$468                              | 468                                       | \$—  | Other assets           | \$—        | \$—        |
| Foreign currency forward contracts (1) | 5,740                              | 1,737                                     | 4,003  | Other assets           | —          | 4,003      |
| Foreign currency forward contracts (2) | 3,959                              | 648                                       | 3,311  | Other assets           | —          | 3,311      |
| Credit default swaps                   | 468                                | 88  | 380  | Other assets           | 310        | 70         |
| Total                                  | \$10,635                           | \$2,941                                   | \$7,694  |                        | \$310      | \$7,384    |

| At December 31, 2014                   | 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                  | \$1,037                                 | 468                                       | \$569   | Other liabilities      | \$569              | \$—        |
| Foreign currency forward contracts (1) | 1,319                                   | 967                                       | 352   | Other liabilities      | —                  | 352        |
| Foreign currency forward contracts (2) | 724                                     | 649                                       | 75  | Other liabilities      | —                  | 75         |
| Credit default swaps                   | 251                                     | 88  | 163   | Other liabilities      | —                  | 163        |
| Weather contract                       | 190                                     | —   | 190   | Other liabilities      | 190                | —          |
| Total                                  | \$3,521                                 | \$2,172                                   | \$1,349   |                        | \$759              | \$590      |

(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 4. 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 |             |
|--|---|---|-------------|
|  |   | 2015  | 2014        |
| Three months ended March 31,           |   |   |             |
| Interest rate futures                  | Net realized and unrealized gains on investments  | \$(4,408 )                                      | \$(12,274 ) |
| Foreign currency forward contracts (1) | Net foreign exchange losses                       | 3,611   | 4,099       |
| Foreign currency forward contracts (2) | Net foreign exchange losses                       | 9,210   | (1,399 )    |
| Credit default swaps                   | Net realized and unrealized gains on investments  | 40  | 159         |
| Weather contract                       | Net realized and unrealized gains on investments  | 160   | 1,216       |
| Total                                  |   | \$8,613   | \$(8,199 )  |

(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 March 31, 2015.

#### 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 March 31, 2015, the Company had \$1,624.5 million of notional long positions and \$1,378.0 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (December 31, 2014 - \$587.0 million and \$617.4 million, 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 March 31, 2015, the Company had outstanding underwriting related foreign currency contracts of \$281.5 million in notional long positions and \$255.2 million in notional short positions, denominated in U.S. dollars (December 31, 2014 - \$144.8 million and \$121.6 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. To economically hedge its exposure to currency fluctuations from these investments, the Company has entered into foreign currency forward contracts. 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 March 31, 2015, the Company had outstanding investment portfolio related foreign currency contracts of \$13.7 million in notional long positions and \$107.7 million in notional short positions, denominated in U.S. dollars (December 31, 2014 - \$35.8 million and \$150.1 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 March 31, 2015, the Company had outstanding credit derivatives of \$Nil in notional long positions and \$31.3 million in notional short positions, denominated in U.S. dollars (December 31, 2014 - \$4.6 million and \$19.4 million, respectively).

#### Weather Contract

The Company, from time to time, transacts in certain derivative-based risk management products that address weather-related risks. The fair value of these contracts is determined through the use of an internal valuation model with the inputs to the internal valuation model based on proprietary data as observable market inputs are not available. The most significant unobservable input is the potential payment that would become due to a counterparty following the occurrence of a triggering event as reported by an external agency. Generally, the Company's portfolio of such derivatives is relatively small and such derivatives are frequently seasonal in nature. At March 31, 2015, the Company had an outstanding weather contract with an insurance company of \$2.0 million in a notional short position (December 31, 2014 - \$2.2 million).

**NOTE 14. 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, 2014, other than those discussed below and in "Note 7. Debt and Credit Facilities."

**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 15. CONDENSED CONSOLIDATING FINANCIAL INFORMATION PROVIDED IN CONNECTION WITH OUTSTANDING DEBT OF SUBSIDIARIES**

The following tables present condensed consolidating balance sheets at March 31, 2015 and December 31, 2014, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three months ended March 31, 2015 and 2014, and condensed consolidating statements of cash flow for the three months ended March 31, 2015 and 2014. Each of RRNAH, Platinum Finance and RenaissanceRe Finance is a 100% owned subsidiary of RenaissanceRe. Refer to “Note 7. Debt and Credit Facilities” for information related to the Company’s debt obligations.

| Condensed Consolidating Balance Sheet at March 31, 2015 | RenaissanceRe Holdings Ltd. (Parent Guarantor) | Platinum Underwriters Holdings, Ltd. (Subsidiary 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 |
|---|--|---|---|---|---|--|-------------------------------|----------------------------|
| <b>Assets</b>   |  |   |   |   |   |  |                               |                            |
| Total investments                                       | \$92,165                                       | \$—   | \$79,313  | \$291,674   | \$—   | \$8,220,901  | \$—                           | \$8,684,053                |
| Cash and cash equivalents                               | 4,885  | 63,257  | 329   | 1,229   | 451   | 487,467  | —                             | 557,618                    |
| Investments in subsidiaries                             | 4,548,612                                      | 1,398,517   | 270,948   | 611,015   | 830,466   | (2,839,998 )   | (4,819,560 )                  | —                          |
| Due from subsidiaries and affiliates                    | 135,592  | 29,934  | 25  | —   | —   | (29,934 )  | (135,617 )                    | —                          |
| Premiums receivable                                     | —  | —   | —   | —   | —   | 866,418  | —                             | 866,418                    |
| Prepaid reinsurance premiums                            | —  | —   | —   | —   | —   | 233,062  | —                             | 233,062                    |
| Reinsurance recoverable                                 | —  | —   | —   | —   | —   | 82,696   | —                             | 82,696                     |
| Accrued investment income                               | —  | —   | 87  | —   | —   | 40,496   | —                             | 40,583                     |
| Deferred acquisition costs                              | —  | —   | —   | —   | —   | 184,168  | (38,115 )                     | 146,053                    |
| Receivable for investments sold                         | 12   | —   | —   | —   | —   | 121,518  | —                             | 121,530                    |
| Other assets  | 120,981  | —   | 31,813  | 2,966   | 120,095   | 215,240  | (217,244 )                    | 273,851                    |
| Goodwill and other intangible assets                    | 273,484  | —   | —   | —   | —   | 7,850  | —                             | 281,334                    |
| <b>Total assets</b>                                     | <b>\$5,175,731</b>                             | <b>\$1,491,708</b>  | <b>\$382,515</b>                                      | <b>\$906,884</b>  | <b>\$951,012</b>                                | <b>\$7,589,884</b>   | <b>\$(5,210,536)</b>          | <b>\$11,287,198</b>        |

|  |             |             |           |           |           |             |               |              |
|--|-------------|-------------|-----------|-----------|-----------|-------------|---------------|--------------|
| Liabilities,<br>Noncontrolling<br>Interests and<br>Shareholders'<br>Equity       |             |             |           |           |           |             |               |              |
| Liabilities  |             |             |           |           |           |             |               |              |
| Reserve for<br>claims and<br>claim expenses                                      | \$—         | \$—         | \$—       | \$—       | \$—       | \$2,760,402 | \$21,166      | \$2,781,568  |
| Unearned<br>premiums   | —           | —           | —         | —         | —         | 983,137     | —             | 983,137      |
| Debt   | 117,000     | —           | 249,545   | 250,000   | 299,400   | —           | (89,171)      | ) 826,774    |
| Amounts due to<br>subsidiaries and<br>affiliates                                 | 179,414     | 26,107      | 1,931     | 75        | 227       | (26,409)    | (181,345)     | ) —          |
| Reinsurance<br>balances<br>payable   | —           | —           | —         | —         | —         | 495,045     | —             | 495,045      |
| Payable for<br>investments<br>purchased  | —           | —           | 2         | —         | —         | 217,984     | —             | 217,986      |
| Other liabilities  | 97,028      | 1,086       | (1,097)   | 6,343     | 1,039     | 214,923     | (87,354)      | ) 231,968    |
| Total liabilities  | 393,442     | 27,193      | 250,381   | 256,418   | 300,666   | 4,645,082   | (336,704)     | ) 5,536,478  |
| Redeemable<br>noncontrolling<br>interest   | —           | —           | —         | —         | —         | 968,431     | —             | 968,431      |
| Shareholders'<br>Equity  |             |             |           |           |           |             |               |              |
| Total<br>shareholders'<br>equity   | 4,782,289   | 1,464,515   | 132,134   | 650,466   | 650,346   | 1,976,371   | (4,873,832)   | ) 4,782,289  |
| Total liabilities,<br>noncontrolling<br>interests and<br>shareholders'<br>equity | \$5,175,731 | \$1,491,708 | \$382,515 | \$906,884 | \$951,012 | \$7,589,884 | \$(5,210,536) | \$11,287,198 |

(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<br>December 31, 2014                             | RenaissanceRe<br>Holdings Ltd.<br>(Parent<br>Guarantor) | RenRe<br>North<br>America<br>Holdings<br>Inc.<br>(Subsidiary<br>Issuer) | Other<br>RenaissanceRe<br>Holdings Ltd.<br>Subsidiaries<br>and<br>Eliminations<br>(Non-guarantor<br>Subsidiaries)<br>(1) | Consolidating<br>Adjustments<br>(2) | RenaissanceRe<br>Consolidated |
|---|---|---|--|-------------------------------------|-------------------------------|
| <b>Assets</b>   |   |   |  |                                     |                               |
| Total investments   | \$ 137,006  | \$88,150  | \$ 6,518,594   | \$—                                 | \$ 6,743,750                  |
| Cash and cash equivalents   | 5,986   | 1,033   | 518,565  | —                                   | 525,584                       |
| Investments in subsidiaries   | 3,509,974   | 71,796  | —  | (3,581,770 )                        | —                             |
| Due from subsidiaries and affiliates  | 126,548   | 23  | —  | (126,571 )                          | —                             |
| Premiums receivable   | —   | —   | 440,007  | —                                   | 440,007                       |
| Prepaid reinsurance premiums  | —   | —   | 94,810   | —                                   | 94,810                        |
| Reinsurance recoverable   | —   | —   | 66,694   | —                                   | 66,694                        |
| Accrued investment income   | —   | 121   | 26,388   | —                                   | 26,509                        |
| Deferred acquisition costs  | —   | —   | 110,059  | —                                   | 110,059                       |
| Receivable for investments sold   | 10  | —   | 52,380   | —                                   | 52,390                        |
| Other assets  | 112,400   | 1,242   | 123,661  | (101,458 )                          | 135,845                       |
| Goodwill and other intangible assets  | —   | —   | 7,902  | —                                   | 7,902                         |
| <b>Total assets</b>   | <b>\$ 3,891,924</b>                                     | <b>\$ 162,365</b>   | <b>\$ 7,959,060</b>  | <b>\$(3,809,799)</b>                | <b>\$ 8,203,550</b>           |
| <b>Liabilities, Redeemable Noncontrolling<br/>Interest and Shareholders' Equity</b>       |   |   |  |                                     |                               |
| <b>Liabilities</b>  |   |   |  |                                     |                               |
| Reserve for claims and claim expenses   | \$ —  | \$—   | \$ 1,412,510   | \$—                                 | \$ 1,412,510                  |
| Unearned premiums   | —   | —   | 512,386  | —                                   | 512,386                       |
| Debt  | —   | 249,522   | —  | —                                   | 249,522                       |
| Amounts due to subsidiaries and affiliates  | 6,000   | 233   | —  | (6,233 )                            | —                             |
| Reinsurance balances payable  | —   | —   | 454,580  | —                                   | 454,580                       |
| Payable for investments purchased   | —   | —   | 203,021  | —                                   | 203,021                       |
| Other liabilities   | 20,209  | 4,013   | 351,344  | (1,458 )                            | 374,108                       |
| <b>Total liabilities</b>  | <b>26,209</b>   | <b>253,768</b>  | <b>2,933,841</b>   | <b>(7,691 )</b>                     | <b>3,206,127</b>              |
| Redeemable noncontrolling interest  | —   | —   | 1,131,708  | —                                   | 1,131,708                     |
| <b>Shareholders' Equity</b>   |   |   |  |                                     |                               |
| Total shareholders' equity  | 3,865,715   | (91,403 )   | 3,893,511  | (3,802,108 )                        | 3,865,715                     |
| <b>Total liabilities, redeemable noncontrolling<br/>interest and shareholders' equity</b> | <b>\$ 3,891,924</b>                                     | <b>\$ 162,365</b>   | <b>\$ 7,959,060</b>  | <b>\$(3,809,799)</b>                | <b>\$ 8,203,550</b>           |

(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 March 31, 2015 | RenaissanceRe Holdings Ltd. (Parent Guarantor) | Platinum RenaissanceRe Underwriters Holdings, Ltd. (Subsidiary 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 |   |
|---|--|---|---|---|---|--|-------------------------------|----------------------------|---|
| <b>Revenues</b>   |  |   |   |   |   |  |                               |                            |   |
| Net premiums earned   | \$ —   | \$ —  | \$ —  | \$ —  | \$ —  | \$ 296,760   | \$ —                          | \$ 296,760                 |   |
| Net investment income (loss)  | 2,624  | —   | 331   | (40   | ) 36  | 37,730   | (974                          | ) 39,707                   |   |
| Net foreign exchange losses   | (10  | ) —   | —   | —   | —   | (3,120   | ) —                           | (3,130                     | ) |
| Equity in earnings of other ventures  | —  | —   | —   | —   | —   | 5,295  | —                             | 5,295                      |   |
| Other income  | 6,189  | 166   | —   | —   | —   | 1,208  | (6,024                        | ) 1,539                    |   |
| Net realized and unrealized gains on investments  | 39   | —   | 406   | 1   | —   | 41,303   | —                             | 41,749                     |   |
| <b>Total revenues</b>   | <b>8,842</b>                                   | <b>166</b>  | <b>737</b>  | <b>(39</b>  | <b>) 36</b>                                     | <b>379,176</b>   | <b>(6,998</b>                 | <b>) 381,920</b>           |   |
| <b>Expenses</b>   |  |   |   |   |   |  |                               |                            |   |
| Net claims and claim expenses incurred  | —  | —   | —   | —   | —   | 77,412   | (559                          | ) 76,853                   |   |
| Acquisition expenses  | —  | —   | —   | —   | —   | 48,318   | (4,917                        | ) 43,401                   |   |
| Operational expenses  | (1,178   | ) 4,987   | 1,890   | 1   | —   | 34,515   | 5,406                         | 45,621                     |   |
| Corporate expenses  | 16,304   | 8,182   | 98  | 35  | 7   | 21,007   | (35                           | ) 45,598                   |   |
| Interest expense  | 295  | —   | 3,617   | 1,563   | 216   | 594  | (1,034                        | ) 5,251                    |   |
| <b>Total expenses</b>   | <b>15,421</b>                                  | <b>13,169</b>   | <b>5,605</b>  | <b>1,599</b>  | <b>223</b>                                      | <b>181,846</b>   | <b>(1,139</b>                 | <b>) 216,724</b>           |   |
| (Loss) income before equity in net income of subsidiaries and taxes                       | (6,579   | ) (13,003   | ) (4,868  | ) (1,638  | ) (187  | ) 197,330  | (5,859                        | ) 165,196                  |   |
| Equity in net income (loss) of subsidiaries   | 183,680  | (6,557  | ) 17,399  | (2,146  | ) (3,213  | ) 11,916   | (201,079                      | ) —                        |   |
|   | 177,101  | (19,560   | ) 12,531  | (3,784  | ) (3,400  | ) 209,246  | (206,938                      | ) 165,196                  |   |



|  |            |              |           |             |             |            |               |            |
|--|------------|--------------|-----------|-------------|-------------|------------|---------------|------------|
| Income (loss)<br>before taxes  |            |              |           |             |             |            |               |            |
| Income tax<br>(expense)<br>benefit   | (3,663 )   | —            | 31,005    | 571         | 65          | 19,926     | —             | 47,904     |
| Net income<br>(loss)   | 173,438    | (19,560 )    | 43,536    | (3,213 )    | (3,335 )    | 229,172    | (206,938 )    | 213,100    |
| Net income<br>attributable to<br>noncontrolling<br>interests                       | —          | —            | —         | —           | —           | (39,662 )  | —             | (39,662 )  |
| Net income<br>(loss)<br>attributable to<br>RenaissanceRe                           | 173,438    | (19,560 )    | 43,536    | (3,213 )    | (3,335 )    | 189,510    | (206,938 )    | 173,438    |
| Dividends on<br>preference<br>shares   | (5,595 )   | —            | —         | —           | —           | —          | —             | (5,595 )   |
| Net income<br>(loss)<br>attributable to<br>RenaissanceRe<br>common<br>shareholders | \$ 167,843 | \$ (19,560 ) | \$ 43,536 | \$ (3,213 ) | \$ (3,335 ) | \$ 189,510 | \$ (206,938 ) | \$ 167,843 |

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

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

| Condensed<br>Consolidating<br>Statement of<br>Comprehensive<br>Income (Loss)<br>for the three<br>months ended<br>March 31, 2015 | RenaissanceRe<br>Holdings<br>Ltd.<br>(Parent<br>Guarantor) | Platinum<br>Underwriters<br>Holdings,<br>Ltd.<br>(Subsidiary<br>Guarantor) | RenRe<br>North<br>America<br>Holdings<br>Inc.<br>(Subsidiary<br>Issuer) | Platinum<br>Underwriters<br>Finance,<br>Inc.<br>(Subsidiary<br>Issuer) | RenaissanceRe<br>Finance,<br>Inc.<br>(Subsidiary<br>Issuer) | Other<br>RenaissanceRe<br>Holdings<br>Ltd.<br>Subsidiaries<br>and<br>Eliminations<br>(Non-guarantor<br>Subsidiaries)<br>(1) | Consolidating<br>Adjustments<br>(2) | RenaissanceRe<br>Consolidated |
|---|--|--|---|--|---|---|-------------------------------------|-------------------------------|
| Comprehensive<br>income (loss)  |  |  |   |  |   |   |                                     |                               |
| Net income<br>(loss)  | \$ 173,438   | \$ (19,560 )   | \$ 43,536   | \$ (3,213 )  | \$ (3,335 )   | \$ 229,172  | \$ (206,938 )                       | \$ 213,100                    |
| Change in net<br>unrealized gains<br>on investments   | —  | —  | —   | —  | —   | (74 )   | —                                   | (74 )                         |
| Comprehensive<br>income (loss)  | 173,438  | (19,560 )  | 43,536  | (3,213 )   | (3,335 )  | 229,098   | (206,938 )                          | 213,026                       |
| Net income<br>attributable to<br>noncontrolling<br>interests  | —  | —  | —   | —  | —   | (39,662 )   | —                                   | (39,662 )                     |
| Comprehensive<br>income<br>attributable to<br>noncontrolling<br>interests   | —  | —  | —   | —  | —   | (39,662 )   | —                                   | (39,662 )                     |
| Comprehensive<br>income (loss)<br>attributable to<br>RenaissanceRe  | \$ 173,438   | \$ (19,560 )   | \$ 43,536   | \$ (3,213 )  | \$ (3,335 )   | \$ 189,436  | \$ (206,938 )                       | \$ 173,364                    |

(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 Operations for the three months ended March 31, 2014 | RenaissanceRe Holdings Ltd. (Parent Guarantor) | RenRe North America Holdings Inc. (Subsidiary Issuer) | Other RenaissanceRe Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1) | Consolidating Adjustments (2) | RenaissanceRe Consolidated |
|---|--|---|--|-------------------------------|----------------------------|
| <b>Revenues</b>   |  |   |  |                               |                            |
| Net premiums earned   | \$ —   | \$ —  | \$ 286,534   | \$ —                          | \$ 286,534                 |
| Net investment income   | 625  | 474   | 38,786   | (937 )                        | 38,948                     |
| Net foreign exchange gains (losses)   | 1  | —   | (1,062 )   | —                             | (1,061 )                   |
| Equity in earnings of other ventures  | —  | —   | 4,199  | —                             | 4,199                      |
| Other (loss) income   | —  | (8 )  | 70   | —                             | 62                         |
| Net realized and unrealized (losses) gains on investments                                 | (106 )   | 377   | 14,656   | —                             | 14,927                     |
| <b>Total revenues</b>   | <b>520</b>                                     | <b>843</b>  | <b>343,183</b>   | <b>(937 )</b>                 | <b>343,609</b>             |
| <b>Expenses</b>   |  |   |  |                               |                            |
| Net claims and claim expenses incurred  | —  | —   | 58,915   | —                             | 58,915                     |
| Acquisition expenses  | —  | —   | 33,700   | —                             | 33,700                     |
| Operational expenses  | (880 )   | 1,894   | 41,688   | (78 )                         | 42,624                     |
| Corporate expenses  | 4,002  | 59  | 484  | —                             | 4,545                      |
| Interest expense  | —  | 3,617   | 676  | —                             | 4,293                      |
| <b>Total expenses</b>   | <b>3,122</b>                                   | <b>5,570</b>  | <b>135,463</b>   | <b>(78 )</b>                  | <b>144,077</b>             |
| (Loss) income before equity in net income of subsidiaries and taxes                       | (2,602 )                                       | (4,727 )  | 207,720  | (859 )                        | 199,532                    |
| Equity in net income of subsidiaries  | 159,200  | 853   | —  | (160,053 )                    | —                          |
| Income (loss) before taxes  | 156,598  | (3,874 )  | 207,720  | (160,912 )                    | 199,532                    |
| Income tax benefit (expense)  | —  | 684   | (850 )   | —                             | (166 )                     |
| <b>Net income (loss)</b>  | <b>156,598</b>                                 | <b>(3,190 )</b>                                       | <b>206,870</b>   | <b>(160,912 )</b>             | <b>199,366</b>             |
| Net income attributable to noncontrolling interests                                       | —  | —   | (42,768 )  | —                             | (42,768 )                  |
| <b>Net income (loss) attributable to RenaissanceRe</b>                                    | <b>156,598</b>                                 | <b>(3,190 )</b>                                       | <b>164,102</b>   | <b>(160,912 )</b>             | <b>156,598</b>             |
| Dividends on preference shares  | (5,595 )                                       | —   | —  | —                             | (5,595 )                   |
| <b>Net income (loss) available (attributable) to RenaissanceRe common shareholders</b>    | <b>\$ 151,003</b>                              | <b>\$ (3,190 )</b>                                    | <b>\$ 164,102</b>  | <b>\$ (160,912 )</b>          | <b>\$ 151,003</b>          |

(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 March 31, 2014 | RenaissanceRe Holdings Ltd. (Parent Guarantor) | RenRe North America Holdings Inc. (Subsidiary Issuer) | Other RenaissanceRe Subsidiaries and Eliminations (Non-guarantor Subsidiaries) | Consolidating Adjustments (2) | RenaissanceRe Consolidated |
|--|--|---|--|-------------------------------|----------------------------|
|--|--|---|--|-------------------------------|----------------------------|

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|   | (1)        |             |            |               |            |
|---|------------|-------------|------------|---------------|------------|
| Comprehensive income (loss)                                   |            |             |            |               |            |
| Net income (loss)   | \$ 156,598 | \$ (3,190 ) | \$ 206,870 | \$ (160,912 ) | \$ 199,366 |
| Change in net unrealized gains on investments                 | —          | —           | (168 )     | —             | (168 )     |
| Comprehensive income (loss)                                   | 156,598    | (3,190 )    | 206,702    | (160,912 )    | 199,198    |
| Net income attributable to noncontrolling interests           | —          | —           | (42,768 )  | —             | (42,768 )  |
| Comprehensive income attributable to noncontrolling interests | —          | —           | (42,768 )  | —             | (42,768 )  |
| Comprehensive income (loss) attributable to RenaissanceRe     | \$ 156,598 | \$ (3,190 ) | \$ 163,934 | \$ (160,912 ) | \$ 156,430 |

(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 three months ended March 31, 2015 | RenaissanceRe Holdings Ltd. (Parent Guarantor) | Platinum Underwriters Holdings, Ltd. (Subsidiary 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 (used in) provided by operating activities                                     |  |   |   |   |   |  |                            |
| Net cash (used in) provided by operating activities                                       | \$ (32,160 )                                   | \$ 837  | \$ (13,573 )  | \$ (295 )   | \$ (118,949 )                                   | \$ 45,535  | \$ (118,605 )              |
| Cash flows (used in) provided by investing activities                                     |  |   |   |   |   |  |                            |
| Proceeds from sales and maturities of fixed maturity investments trading                  | —  | —   | 5,007   | 45,029  | —   | 2,025,642  | 2,075,678                  |
| Purchases of fixed maturity investments trading   | —  | —   | —   | —   | —   | (1,490,123 )   | (1,490,123 )               |
| Proceeds from sales and maturities of fixed maturity investments available for sale       | —  | —   | —   | —   | —   | 1,757  | 1,757                      |
| Net sales of equity investments trading   | —  | —   | 13,763  | —   | —   | 36,864   | 50,627                     |
| Net sales (purchases) of short term investments   | 44,839   | —   | (5,848 )  | (45,042 )   | —   | 118,846  | 112,795                    |
| Net purchases of other investments  | —  | —   | —   | —   | —   | (7,952 )   | (7,952 )                   |
| Net purchases of investments in other ventures  | —  | —   | —   | —   | —   | (126 )   | (126 )                     |
| Net purchases of other assets   | —  | —   | —   | —   | —   | (2,500 )   | (2,500 )                   |
| Dividends and return of capital from subsidiaries   | 641,434  | —   | —   | —   | —   | (641,434 )   | —                          |
| Contributions to subsidiaries   | 148,674  | —   | (1,753 )  | —   | (180,000 )                                      | 33,079   | —                          |
| Due to (from) subsidiary  | 3,306  | —   | 1,700   | —   | —   | (5,006 )   | —                          |

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|   |            |           |        |          |            |            |            |
|---|------------|-----------|--------|----------|------------|------------|------------|
| Net purchase of Platinum  | (904,433 ) | 62,420    | —      | 1,537    | —          | 162,324    | (678,152 ) |
| Net cash (used in) provided by investing activities                   | (66,180 )  | 62,420    | 12,869 | 1,524    | (180,000 ) | 231,371    | 62,004     |
| Cash flows provided by (used in) financing activities                 |            |           |        |          |            |            |            |
| Dividends paid – RenaissanceRe common shares                          | (13,720 )  | —         | —      | —        | —          | —          | (13,720 )  |
| Dividends paid – preference shares                                    | (5,595 )   | —         | —      | —        | —          | —          | (5,595 )   |
| RenaissanceRe common share repurchases                                | (446 )     | —         | —      | —        | —          | —          | (446 )     |
| Net issuance (repayment) of debt                                      | 117,000    | —         | —      | —        | 299,400    | (118,577 ) | 297,823    |
| Net third party redeemable noncontrolling interest share transactions | —          | —         | —      | —        | —          | (180,285 ) | (180,285 ) |
| Net cash provided by (used in) financing activities                   | 97,239     | —         | —      | —        | 299,400    | (298,862 ) | 97,777     |
| Effect of exchange rate changes on foreign currency cash              | —          | —         | —      | —        | —          | (9,142 )   | (9,142 )   |
| Net (decrease) increase in cash and cash equivalents                  | (1,101 )   | 63,257    | (704 ) | 1,229    | 451        | (31,098 )  | 32,034     |
| Cash and cash equivalents, beginning of period                        | 5,986      | —         | 1,033  | —        | —          | 518,565    | 525,584    |
| Cash and cash equivalents, end of period                              | \$ 4,885   | \$ 63,257 | \$ 329 | \$ 1,229 | \$ 451     | \$ 487,467 | \$ 557,618 |

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

| Condensed Consolidating Statement of Cash Flows<br>for the three months ended March 31, 2014 | RenaissanceRe<br>Holdings Ltd.<br>(Parent<br>Guarantor) | RenRe North<br>America<br>Holdings Inc.<br>(Subsidiary<br>Issuer) | Other<br>RenaissanceRe<br>Holdings Ltd.<br>Subsidiaries<br>and<br>Eliminations<br>(Non-guarantor<br>Subsidiaries)<br>(1) | RenaissanceRe<br>Consolidated |
|--|---|---|--|-------------------------------|
| Cash flows (used in) provided by operating activities  |   |   |  |                               |
| Net cash (used in) provided by operating activities  | \$ (17,579 )  | \$ (8,334 )   | \$ 72,552  | \$ 46,639                     |
| Cash flows provided by investing activities  |   |   |  |                               |
| Proceeds from sales and maturities of fixed maturity investments trading                     | —   | 5,353   | 1,990,682  | 1,996,035                     |
| Purchases of fixed maturity investments trading  | (74,733 )   | —   | (1,694,263 )   | (1,768,996 )                  |
| Proceeds from sales and maturities of fixed maturity investments available for sale          | —   | —   | 4,090  | 4,090                         |
| Net purchases (sales) of equity investments trading  | —   | (370 )  | 91   | (279 )                        |
| Net sales (purchases) of short term investments  | 79,551  | 175   | (12,413 )  | 67,313                        |
| Net sales of other investments   | —   | —   | 2,116  | 2,116                         |
| Net sales of investments in other ventures   | —   | —   | 915  | 915                           |
| Dividends and return of capital from subsidiaries  | 142,423   | 2,701   | (145,124 )   | —                             |
| Contributions to subsidiaries  | 136,421   | (1,950 )  | (134,471 )   | —                             |
| Due to (from) subsidiaries   | 8,630   | (971 )  | (7,659 )   | —                             |
| Net cash provided by investing activities  | 292,292   | 4,938   | 3,964  | 301,194                       |
| Cash flows used in financing activities  |   |   |  |                               |
| Dividends paid – RenaissanceRe common shares   | (11,899 )   | —   | —  | (11,899 )                     |
| Dividends paid – preference shares   | (5,595 )  | —   | —  | (5,595 )                      |
| RenaissanceRe common share repurchases   | (262,736 )  | —   | —  | (262,736 )                    |
| Net third party redeemable noncontrolling interest share transactions                        | —   | —   | (147,943 )   | (147,943 )                    |
| Net cash used in financing activities  | (280,230 )  | —   | (147,943 )   | (428,173 )                    |
| Effect of exchange rate changes on foreign currency cash                                     | —   | —   | (529 )   | (529 )                        |
| Net decrease in cash and cash equivalents  | (5,517 )  | (3,396 )  | (71,956 )  | (80,869 )                     |
| Cash and cash equivalents, beginning of period   | 8,796   | 4,027   | 395,209  | 408,032                       |
| Cash and cash equivalents, end of period   | \$ 3,279  | \$ 631  | \$ 323,253   | \$ 327,163                    |

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

NOTE 16. SUBSEQUENT EVENTS

On May 4, 2015, DaVinciRe issued \$150.0 million of its 4.750% Senior Notes due May 1, 2025, with interest on the notes payable on May 1 and November 1, commencing with November 1, 2015. The notes may be redeemed prior to maturity, subject to the payment of a “make-whole” premium if the notes are redeemed before February 1, 2025. The notes contain various covenants including, among others, limitations on mergers, amalgamations and consolidations, limitations on third party investor redemptions, a leverage covenant and maintenance of certain ratings. The net proceeds from this offering were used to repay, in full, \$100.0 million outstanding under the DaVinciRe Loan Agreement, and the remainder of the net proceeds may be used to repurchase DaVinciRe shares or for general corporate purposes.

Subsequent to March 31, 2015 and through the period ended May 4, 2015, the Company repurchased 3 thousand common shares in open market transactions at an aggregate cost of \$0.3 million and at an average share price of \$99.91.



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

The following is a discussion and analysis of our results of operations for the three months ended March 31, 2015 and 2014, respectively. The following also includes a discussion of our liquidity and capital resources at March 31, 2015. 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, 2014. Our results of operations for the three months ended March 31, 2015 include the results of operations of Platinum for the period from March 2, 2015 through March 31, 2015. Refer to "Note 3. Acquisition of Platinum" in our notes to the consolidated financial statements for additional information with respect to the acquisition of Platinum. 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 Company's financial performance, and believe we have delivered superior performance in respect of this measure over time. Our core products include property catastrophe reinsurance, specialty reinsurance and certain insurance products. We believe that 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 substantial portion of the reinsurance and insurance we write provides protection from damages relating to natural and man-made catastrophes, our results depend to a large extent on the frequency and severity of such catastrophic events, and the coverages we offer to customers affected by these events. We are exposed to significant losses from these catastrophic events and other exposures that we cover. Accordingly, we expect a significant degree of volatility in our financial results and 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 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, 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.

#### Acquisition of Platinum

On November 23, 2014, RenaissanceRe entered into a definitive merger agreement with Platinum, and the transaction was completed on March 2, 2015. As a result of the acquisition of Platinum, each of Platinum and its operating subsidiaries became a wholly owned subsidiary of RenaissanceRe. 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 of Platinum Acquisition on Liquidity and Capital Resources” and “Note 3. Acquisition of Platinum” in our notes to the consolidated financial statements for additional information with respect to the acquisition of Platinum.

#### 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 reflects our strategic investments; investments unit; corporate expenses; capital servicing costs; noncontrolling interests; results of our discontinued operations; 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 for our own account, for DaVinci and for other joint ventures such as Upsilon Fund. 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 that 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 for our own account and for DaVinci, covering principally certain targeted classes of business where we believe we have a sound basis for underwriting and pricing the risk that we assume. Our portfolio includes various classes of business, such as aviation, casualty clash, catastrophe exposed personal lines property, catastrophe exposed workers' compensation, crop, energy, financial guaranty, financial liability, marine, mortgage guaranty, political risk, surety, terrorism, trade credit, certain other casualty lines including cyber, directors and officers liability, general liability, medical malpractice and professional indemnity, and other specialty lines of reinsurance that we collectively refer to as specialty reinsurance. In connection with the acquisition of Platinum, we have expanded our lines of business to include automobile liability, accident and health and traditional workers compensation, and increased our presence within certain existing lines of business, including casualty clash, general liability, professional indemnity and other financial lines of business.

We believe that we are seen as a market leader in certain of the classes of business we write in our Specialty Reinsurance segment. We are seeking to expand our specialty reinsurance operations over time. Our specialty reinsurance business is significantly impacted by a relatively 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. We anticipate that Syndicate 1458's absolute and relative contributions to our consolidated results of operations will have a meaningful impact 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 favorable, particularly in light of current and forecasted market conditions.

### Other

Our Other category primarily includes the results of: (1) our share of strategic investments 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 Platinum and noncontrolling interests; (4) the results of our discontinued operations; and (5) the remnants of our Bermuda-based insurance operations.

### 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 possible new joint venture opportunities. We also regularly evaluate potential strategic opportunities that 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 reasonably sufficient data may be available, and where our analytical abilities may provide us a competitive advantage, in order for us to seek to model estimated probabilities of losses and returns in accordance with our approach in respect of our 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. While we regularly review potential strategic transactions and periodically engage in



discussions regarding possible transactions, there can be no assurance that we will complete any such transactions or that any such transaction would be successful or materially enhance our results of operations or financial condition. Should we pursue or consummate a strategic transaction, we may mis-value the acquired company or operations, fail to integrate the acquired operation appropriately into our own franchise and/or expend unforeseen costs during the acquisition or integration. 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 that we underwrite and attempt to optimize our portfolio of reinsurance and insurance contracts and other financial risks. Our policies, procedures, tools and resources used to monitor and assess our operational risks companywide, as well as our global enterprise-wide risk management practices, are overseen by our Chief Risk Officer, who reports directly to our Chief Financial Officer and Chief Operating Officer.

With respect to our Reinsurance operations, we have developed and continuously seek to improve our proprietary, computer-based pricing and exposure management system, REMS<sup>®</sup>. We believe that REMS<sup>®</sup>, 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. REMS<sup>®</sup> was originally developed to analyze catastrophe risks, though we continuously seek ways to enhance the program in order to analyze other classes of risk.

#### SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting estimates include "Claims and Claim Expense Reserves", "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, 2014. There have been no material changes in our critical accounting estimates as disclosed in our Form 10-K for the year ended December 31, 2014, other than as noted below.

On March 2, 2015, as a result of the acquisition of Platinum, which was accounted for under the acquisition method of accounting in accordance with FASB ASC Topic Business Combinations, total consideration paid was allocated among acquired assets and assumed liabilities based on the fair values of the assets acquired and liabilities assumed. Refer to "Note 3. Acquisition of Platinum" in the notes to our consolidated financial statements for additional information related to the acquisition of Platinum.

#### Claims and Claim Expense Reserves

Claims and claim expense reserves acquired in the acquisition of Platinum totaled \$1.4 billion at March 2, 2015, comprised of \$117.4 million and \$1.3 billion included in our Catastrophe Reinsurance and Specialty Reinsurance segments, respectively, and subject to the same reserving methodology for each respective line of business as outlined in our critical accounting estimates 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, 2014.

#### Fair Value Measurements and Impairments

##### Fair Value

Assets measured at fair value on a recurring basis acquired in the acquisition of Platinum totaled \$2.8 billion at March 2, 2015, principally included \$1.8 billion of fixed maturity investments trading, \$883.5 million of short term investments and \$81.1 million of reinsurance deposit assets and are subject to the same fair value measurement methodology outlined in our critical accounting estimates 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, 2014.

#### Goodwill and Other Intangible Assets

As noted above, the acquisition of Platinum was accounted for under the acquisition method of accounting in accordance with FASB ASC Topic Business Combinations, under which the total consideration paid was allocated among acquired assets and assumed liabilities based on the fair values of the assets acquired and liabilities assumed.

Total consideration paid in connection with the acquisition of Platinum was \$1.93 billion and exceeded the fair value of the net assets acquired, resulting in goodwill of \$191.7 million. The fair value of the net assets acquired included \$83.6 million of identifiable intangible assets. Intangible assets with definite lives will be amortized over their estimated useful lives. Goodwill resulting from the acquisition of Platinum will not be amortized but instead will be tested for impairment at least annually and subject to the same methodology outlined in our critical accounting estimates 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, 2014. In the event that we determine that the value of goodwill has become impaired, an accounting charge will be taken in the fiscal quarter in which such determination is made. Refer to "Note 3. Acquisition of Platinum" for additional information with respect to goodwill and other intangible assets related to the acquisition of Platinum.

#### Income Taxes

Net deferred tax assets acquired in the acquisition of Platinum totaled \$12.9 million at March 2, 2015 and were measured in accordance with the provisions of FASB ASC Topic Income Taxes as outlined in our critical accounting estimates 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, 2014.

## SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the three months ended March 31, 2015 compared to the three months ended March 31, 2014.

| Three months ended March 31,<br>(in thousands, except per share amounts and percentages) | 2015              | 2014                 | Change    |    |
|--|-------------------|----------------------|-----------|----|
| <b>Statement of operations highlights</b>  |                   |                      |           |    |
| Gross premiums written   | \$643,578         | \$705,260            | \$(61,682 | )  |
| Net premiums written   | \$404,035         | \$450,347            | \$(46,312 | )  |
| Net premiums earned  | \$296,760         | \$286,534            | \$10,226  |    |
| Net claims and claim expenses incurred   | 76,853            | 58,915               | 17,938    |    |
| Acquisition expenses   | 43,401            | 33,700               | 9,701     |    |
| Operational expenses   | 45,621            | 42,624               | 2,997     |    |
| Underwriting income  | \$130,885         | \$151,295            | \$(20,410 | )  |
| Net investment income  | \$39,707          | \$38,948             | \$759     |    |
| Net realized and unrealized gains (losses) on investments                                | 41,749            | 14,927               | 26,822    |    |
| Change in net unrealized gains on fixed maturity investments available for sale          | (183              | )                    | (165      | )  |
|  |                   |                      | (18       | )  |
| Total investment result  | \$81,273          | \$53,710             | \$27,563  |    |
| Net income   | \$213,100         | \$199,366            | \$13,734  |    |
| Net income available to RenaissanceRe common shareholders                                | \$167,843         | \$151,003            | \$16,840  |    |
| Net income available to RenaissanceRe common shareholders per common share – diluted     | \$4.14            | \$3.56               | \$0.58    |    |
| Dividends per common share   | \$0.30            | \$0.29               | \$0.01    |    |
| <b>Key ratios</b>  |                   |                      |           |    |
| Net claims and claim expense ratio – current accident year                               | 33.4              | % 26.4               | % 7.0     | %  |
| Net claims and claim expense ratio – prior accident years                                | (7.5              | )% (5.8              | )% (1.7   | )% |
| Net claims and claim expense ratio – calendar year                                       | 25.9              | % 20.6               | % 5.3     | %  |
| Underwriting expense ratio   | 30.0              | % 26.6               | % 3.4     | %  |
| Combined ratio   | 55.9              | % 47.2               | % 8.7     | %  |
| Return on average common equity - annualized   | 17.1              | % 17.6               | % (0.5    | )% |
| Book value   | March 31,<br>2015 | December 31,<br>2014 | Change    |    |
| Book value per common share  | \$95.21           | \$90.15              | \$5.06    |    |
| Accumulated dividends per common share   | 14.58             | 14.28                | 0.30      |    |
| Book value per common share plus accumulated dividends                                   | \$109.79          | \$104.43             | \$5.36    |    |
| Change in book value per common share plus change in accumulated dividends               | 5.9               | %                    |           |    |



| Balance sheet highlights                                 | March 31,<br>2015 | December 31,<br>2014 | Change      |
|--|-------------------|----------------------|-------------|
| Total assets   | \$11,287,198      | \$8,203,550          | \$3,083,648 |
| Total shareholders' equity attributable to RenaissanceRe | \$4,782,289       | \$3,865,715          | \$916,574   |

Net income available to RenaissanceRe common shareholders was \$167.8 million in the first quarter of 2015, compared to \$151.0 million in the first quarter of 2014, an increase of \$16.8 million. As a result of our net income available to RenaissanceRe common shareholders in the first quarter of 2015, we generated an annualized return on average common equity of 17.1% and our book value per common share increased from \$90.15 at December 31, 2014 to \$95.21 at March 31, 2015, a 5.9% increase, after considering the change in accumulated dividends paid to our common shareholders and the impact of the issuance of 7.4 million our common shares in connection with the acquisition of Platinum, as discussed below.

The most significant events affecting our financial performance during the first quarter of 2015, on a comparative basis to the first quarter of 2014, include:

**Improved Investment Results** - total investment result of \$81.3 million in the first quarter of 2015, 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, compared to \$53.7 million in the first quarter of 2014. The increase in total investment result was primarily driven by a flattening of the yield curve and moderate credit spread compression during the first quarter of 2015, resulting in improved returns in our fixed maturity investments portfolio and increased average invested assets, compared to the first quarter of 2014, partially offset by lower returns in our portfolio of private equity investments and equity investments trading, driven by weaker returns in the public equity portfolio; and

**Income Tax Benefit** - we recognized an income tax benefit of \$47.9 million in the first quarter of 2015, compared to income tax expense of \$0.2 million in the first quarter of 2014, primarily as a result of a reduction in our U.S.-based deferred tax asset valuation allowance from \$47.4 million to \$Nil as a result of expected profits to be experienced in our U.S.-based operations due principally to the acquisition of Platinum on March 2, 2015; partially offset by

**Lower Underwriting Results** - our underwriting income of \$130.9 million in the first quarter of 2015 decreased \$20.4 million from \$151.3 million in the first quarter of 2014. The decrease in underwriting income was primarily driven by a \$9.7 million increase in acquisition expenses principally within our Specialty Reinsurance segment, and a \$17.9 million increase in net claims and claim expenses, partially offset by a \$10.2 million increase in net premiums earned; and

**Higher Corporate Expenses** - our corporate expenses increased \$41.1 million to \$45.6 million in the first quarter of 2015, compared to \$4.5 million in the first quarter of 2014, primarily due to \$40.4 million of corporate expenses associated with the acquisition of Platinum, comprised of \$11.5 million of transaction-related expenses, \$0.9 million of integration-related expenses and \$28.0 million of compensation-related expenses.

#### Acquisition of Platinum

RenaissanceRe completed its acquisition of Platinum on March 2, 2015. As a result of the acquisition, Platinum and its subsidiaries became wholly owned subsidiaries of RenaissanceRe, including Platinum Bermuda and Renaissance Reinsurance U.S. We accounted for the acquisition of Platinum under the acquisition method of accounting in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic Business Combinations and our consolidated results of operations include those of Platinum from March 2, 2015. During the first quarter of 2015, we recorded \$40.4 million of corporate expenses associated with the acquisition of Platinum, comprised of \$11.5 million of transaction-related expenses, \$0.9 million of integration-related expenses and \$28.0 million of compensation-related expenses. In addition, we recognized \$83.6 million of identifiable intangible assets and \$191.7 million of goodwill in connection with the acquisition of Platinum. Also during the first quarter of 2015, we recognized an income tax benefit of \$47.4 million related to a reduction in our U.S. deferred tax asset valuation allowance as a result of profits expected to be experienced in our U.S.-based operations.

## Underwriting Results by Segment

## Catastrophe Reinsurance

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

| Catastrophe Reinsurance Segment Overview                           |           |           |           |    |         |    |
|--|-----------|-----------|-----------|----|---------|----|
| Three months ended March 31,<br>(in thousands, except percentages) | 2015      | 2014      | Change    |    |         |    |
| Catastrophe Reinsurance gross premiums written                     |           |           |           |    |         |    |
| Renaissance  | \$265,730 | \$322,748 | \$(57,018 | )  |         |    |
| DaVinci  | 123,517   | 144,963   | (21,446   | )  |         |    |
| Total Catastrophe Reinsurance gross premiums written               | \$389,247 | \$467,711 | \$(78,464 | )  |         |    |
| Net premiums written   | \$222,640 | \$259,489 | \$(36,849 | )  |         |    |
| Net premiums earned  | \$143,767 | \$164,584 | \$(20,817 | )  |         |    |
| Net claims and claim expenses incurred                             | 7,594     | 6,455     | 1,139     |    |         |    |
| Acquisition expenses   | 7,654     | 7,126     | 528       |    |         |    |
| Operational expenses   | 20,363    | 20,419    | (56       | )  |         |    |
| Underwriting income  | \$108,156 | \$130,584 | \$(22,428 | )  |         |    |
| Net claims and claim expenses incurred – current accident year     | \$24,124  | \$12,529  | \$11,595  |    |         |    |
| Net claims and claim expenses incurred – prior accident years      | (16,530   | )         | (6,074    | )  | (10,456 | )  |
| Net claims and claim expenses incurred – total                     | \$7,594   | \$6,455   | \$1,139   |    |         |    |
| Net claims and claim expense ratio – current accident year         | 16.8      | % 7.6     | % 9.2     | %  |         |    |
| Net claims and claim expense ratio – prior accident years          | (11.5     | )%        | (3.7      | )% | (7.8    | )% |
| Net claims and claim expense ratio – calendar year                 | 5.3       | % 3.9     | % 1.4     | %  |         |    |
| Underwriting expense ratio   | 19.5      | % 16.8    | % 2.7     | %  |         |    |
| Combined ratio   | 24.8      | % 20.7    | % 4.1     | %  |         |    |

**Catastrophe Reinsurance Gross Premiums Written** – In the first quarter of 2015, our Catastrophe Reinsurance segment gross premiums written decreased by \$78.5 million, or 16.8%, to \$389.2 million, compared to \$467.7 million in the first quarter of 2014, primarily driven by the continued softening of market conditions, including reduced risk-adjusted pricing for the January renewals and our underwriting discipline given prevailing terms and conditions. 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 including 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 decreased \$41.6 million to \$166.6 million in the first quarter of 2015, compared to \$208.2 million in the first quarter of 2014, primarily reflecting a reduction in purchases of retrocessional reinsurance driven by reduced gross premiums written, as noted above, and \$29.5 million of premiums ceded to company-sponsored third party capital vehicles in the first quarter of 2015, compared to \$55.0 million the first quarter of 2014.

Catastrophe Reinsurance Underwriting Results – Our Catastrophe Reinsurance segment generated underwriting income of \$108.2 million in the first quarter of 2015, compared to \$130.6 million in the first quarter of 2014, a decrease of \$22.4 million. In the first quarter of 2015, our Catastrophe Reinsurance segment generated a net claims and claim expense ratio of 5.3%, an underwriting expense ratio of 19.5% and a combined ratio of 24.8%, compared to 3.9%, 16.8% and 20.7%, respectively, in the first quarter of 2014.

The \$22.4 million decrease in underwriting income in our Catastrophe Reinsurance segment in the first quarter of 2015, compared to the first quarter of 2014, was driven by a \$20.8 million decrease in net premiums earned, primarily the result of lower gross premiums written during the preceding twelve months as a result of the continued softening of market conditions and our underwriting discipline given prevailing terms and conditions and a \$1.1 million increase in net claims and claim expenses. The \$1.1 million increase in net claims and claim expenses is comprised of a \$11.6 million increase in current accident year net claims and claim expenses primarily driven by a number of U.S. winter storms, partially offset by a \$10.5 million increase in favorable development on prior accident year net claims and claim expenses.

During the first quarter of 2015, we experienced \$16.5 million of favorable development on prior year reserves within our Catastrophe Reinsurance segment, compared to \$6.1 million in the first quarter of 2014. The favorable development on prior accident years net claims and claim expenses in the first quarter of 2015 was principally driven by \$5.3 million related to the April and May 2011 U.S. Tornadoes, \$1.5 million related to the 2008 Hurricanes (Gustav and Ike) and \$9.8 million related to a number of other relatively small catastrophe events, each principally the result of changes in our estimated ultimate loss for each respective event. Net favorable 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 \$5 thousand 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 principally driven by the same counterparties re-allocating losses between the 2011 International Events.

During the first quarter of 2014, we experienced \$6.1 million of favorable development on prior year reserves within our Catastrophe Reinsurance segment, which was principally comprised of favorable development of \$2.4 million and \$3.0 million related to the 2008 Hurricanes and the 2013 European Floods, respectively, with the remainder due to net favorable development on a number of other events.

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 \$27.3 million and \$30.3 million in the first quarter of 2015 and 2014, respectively, and resulted in a corresponding decrease to the Catastrophe Reinsurance segment underwriting expense ratio of 19.0% and 18.4%, 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 \$38.7 million and \$44.6 million in the first quarter of 2015 and 2014, respectively.

## Specialty Reinsurance

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

## Specialty Reinsurance Segment Overview

| Three months ended March 31,<br>(in thousands, except percentages) | 2015      | 2014      | Change      |
|--|-----------|-----------|-------------|
| Gross premiums written   | \$124,291 | \$154,290 | \$(29,999 ) |
| Net premiums written   | \$103,915 | \$125,489 | \$(21,574 ) |
| Net premiums earned  | \$94,876  | \$69,630  | \$25,246    |
| Net claims and claim expenses incurred                             | 39,588    | 26,081    | 13,507      |
| Acquisition expenses   | 20,689    | 16,547    | 4,142       |
| Operational expenses   | 13,290    | 10,106    | 3,184       |
| Underwriting income  | \$21,309  | \$16,896  | \$4,413     |
| Net claims and claim expenses incurred – current accident year     | \$49,264  | \$41,922  | \$7,342     |
| Net claims and claim expenses incurred – prior accident years      | (9,676 )  | (15,841 ) | 6,165       |
| Net claims and claim expenses incurred – total                     | \$39,588  | \$26,081  | \$13,507    |
| Net claims and claim expense ratio – current accident year         | 51.9      | % 60.2    | % (8.3 )%   |
| Net claims and claim expense ratio – prior accident years          | (10.2 )%  | (22.7 )%  | 12.5 %      |
| Net claims and claim expense ratio – calendar year                 | 41.7      | % 37.5    | % 4.2 %     |
| Underwriting expense ratio   | 35.8      | % 38.2    | % (2.4 )%   |
| Combined ratio   | 77.5      | % 75.7    | % 1.8 %     |

**Specialty Reinsurance Gross Premiums Written** – In the first quarter of 2015, our Specialty Reinsurance segment gross premiums written decreased \$30.0 million, or 19.4%, to \$124.3 million, compared to \$154.3 million in the first quarter of 2014, driven primarily by a decrease in certain credit related lines of business as a result of the non-renewal of a number of contracts during the first quarter of 2015, partially offset by increases in certain casualty related lines of business and incremental business written as a result of the acquisition of Platinum while continuing to exercise underwriting discipline given prevailing terms and conditions. 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 March 31, 2015 reflected a relatively larger proportion of quota share reinsurance compared to excess of loss reinsurance than in 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 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 decreased \$8.4 million to \$20.4 million in the first quarter of 2015, compared to \$28.8 million in the first quarter of 2014, primarily reflecting a reduction in purchases of retrocessional reinsurance driven by reduced gross premiums written, as noted above.

Specialty Reinsurance Underwriting Results – Our Specialty Reinsurance segment generated underwriting income of \$21.3 million in the first quarter of 2015, compared to \$16.9 million in the first quarter of 2014. In the first quarter of 2015, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 41.7%, an underwriting expense ratio of 35.8% and a combined ratio of 77.5%, compared to 37.5%, 38.2% and 75.7%, respectively, in the first quarter of 2014.

Impacting underwriting income in our Specialty Reinsurance segment for the first quarter of 2015, compared to the first quarter of 2014, was a \$25.2 million increase in net premiums earned as a result of higher gross premiums written during the preceding twelve months, partially offset by a \$7.3 million increase in underwriting expenses, a \$7.3 million increase in current accident year net claims and claim expenses and a \$6.2 million decrease in favorable development on prior accident year net claims and claim expenses. The increase in current accident year net claims and claim expenses was principally due to a higher level of attritional losses primarily as a result of the increase in net premiums earned.

The Specialty Reinsurance segment experienced \$9.7 million of favorable development on prior accident years net claims and claim expenses in the first quarter of 2015, compared to \$15.8 million in the first quarter of 2014, principally the result of better than expected claims emergence.

#### Lloyd's Segment

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

#### Lloyd's Segment Overview

| Three months ended March 31,<br>(in thousands, except percentages) | 2015      | 2014     | Change     |    |
|--|-----------|----------|------------|----|
| Gross premiums written   | \$130,130 | \$83,259 | \$46,871   |    |
| Net premiums written   | \$77,569  | \$65,369 | \$12,200   |    |
| Net premiums earned  | \$58,206  | \$52,297 | \$5,909    |    |
| Net claims and claim expenses incurred                             | 29,843    | 26,281   | 3,562      |    |
| Acquisition expenses   | 14,693    | 10,567   | 4,126      |    |
| Operational expenses   | 11,940    | 12,033   | (93 )      |    |
| Underwriting income  | \$1,730   | \$3,416  | \$(1,686 ) |    |
| Net claims and claim expenses incurred – current accident year     | \$25,610  | \$21,157 | \$4,453    |    |
| Net claims and claim expenses incurred – prior accident years      | 4,233     | 5,124    | (891 )     |    |
| Net claims and claim expenses incurred – total                     | \$29,843  | \$26,281 | \$3,562    |    |
| Net claims and claim expense ratio – current accident year         | 44.0      | % 40.5   | % 3.5      | %  |
| Net claims and claim expense ratio – prior accident years          | 7.3       | % 9.8    | % (2.5)    | )% |
| Net claims and claim expense ratio – calendar year                 | 51.3      | % 50.3   | % 1.0      | %  |
| Underwriting expense ratio   | 45.7      | % 43.2   | % 2.5      | %  |
| Combined ratio   | 97.0      | % 93.5   | % 3.5      | %  |

Lloyd's Gross Premiums Written – Gross premiums written in our Lloyd's segment increased \$46.9 million, or 56.3%, to \$130.1 million in the first quarter of 2015, compared to \$83.3 million in the first quarter of 2014, primarily due to Syndicate 1458 continuing to grow organically in the Lloyd's marketplace, principally in its property lines of business, notwithstanding challenging market conditions.

Lloyd's Ceded Premiums Written – Ceded premiums written in our Lloyd's segment increased \$34.7 million to \$52.6 million in the first quarter of 2015, compared to \$17.9 million in the first quarter of 2014, primarily reflecting the inception of a ceded casualty quota share contract and certain purchases of retrocessional reinsurance for the property other line of business.

Lloyd's Underwriting Results – Our Lloyd's segment generated underwriting income of \$1.7 million and a combined ratio of 97.0% in the first quarter of 2015, compared to \$3.4 million and 93.5%, respectively, in the first quarter of 2014. Impacting underwriting income in our Lloyd's segment was a \$5.9 million increase in net premiums earned; partially offset by a \$4.5 million increase in current accident year net claims and claim expenses, and a \$4.0 million increase in underwriting expenses, each as discussed below. The increases in net premiums earned was primarily the result of the increase in gross premiums written noted above.

The \$4.0 million increase in underwriting expenses in our Lloyd's segment in the first quarter of 2015, compared to the first quarter of 2014, was primarily driven by increased acquisition expenses as a result of the increased proportion of quota share and delegated authority business written, which generally carry higher acquisition expenses, compared to non-proportional business.

Our Lloyd's segment experienced current accident year net claims and claim expenses of \$25.6 million in the first quarter of 2015, compared to \$21.2 million in the first quarter of 2014, which principally included attritional loss activity driven by the increase in net premiums earned noted above.

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$4.2 million and \$5.1 million during the first quarter of 2015 and 2014, respectively, was principally due to reported claims activity coming in higher than expected on prior accident years events.

#### Net Investment Income

| Three months ended March 31,<br>(in thousands) | 2015     | 2014     | Change   |
|--|----------|----------|----------|
| Fixed maturity investments                     | \$25,939 | \$23,860 | \$2,079  |
| Short term investments                         | 197      | 190      | 7        |
| Equity investments trading                     | 2,604    | 796      | 1,808    |
| Other investments                              |          |          |          |
| Hedge funds and private equity investments     | 10,413   | 12,317   | (1,904 ) |
| Other  | 3,508    | 4,528    | (1,020 ) |
| Cash and cash equivalents                      | 148      | 91       | 57       |
|  | 42,809   | 41,782   | 1,027    |
| Investment expenses                            | (3,102 ) | (2,834 ) | (268 )   |
| Net investment income                          | \$39,707 | \$38,948 | \$759    |

Net investment income was \$39.7 million in the first quarter of 2015, compared to \$38.9 million in the first quarter of 2014, an increase of \$0.8 million, principally due to stronger returns in our public equity portfolio and higher average invested assets in our portfolio of fixed maturity investments, in part due to the acquisition of Platinum on March 2, 2015, partially offset by weaker returns in our portfolio of other 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 hedge fund, 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 gains of \$4.9 million in the first quarter of 2015, compared to net unrealized gains of \$5.0 million in the first quarter of 2014.

## Net Realized and Unrealized Gains on Investments

| Three months ended March 31,<br>(in thousands)                        | 2015     | 2014      | Change   |
|---|----------|-----------|----------|
| Gross realized gains  | \$21,532 | \$13,467  | \$8,065  |
| Gross realized losses   | (4,871)  | ) (5,564  | ) 693    |
| Net realized gains on fixed maturity investments                      | 16,661   | 7,903     | 8,758    |
| Net unrealized gains on fixed maturity investments trading            | 25,972   | 27,882    | (1,910)  |
| Net realized and unrealized losses on investments-related derivatives | (4,208)  | ) (10,899 | ) 6,691  |
| Net realized gains (losses) on equity investments trading             | 7,481    | (79       | ) 7,560  |
| Net unrealized losses on equity investments trading                   | (4,157)  | ) (9,880  | ) 5,723  |
| Net realized and unrealized gains on investments                      | \$41,749 | \$14,927  | \$26,822 |

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

Net realized and unrealized gains on investments were \$41.7 million in the first quarter of 2015, compared to gains of \$14.9 million in the first quarter of 2014, an improvement of \$26.8 million. Included in net realized and unrealized gains on investments are the following components:

an increase in net realized gains on equity investments trading of \$7.6 million and an improvement in net unrealized losses on equity investments trading of \$5.7 million in the first quarter of 2015, compared to the first quarter of 2014, principally driven by stronger returns in the public equity portfolio; and

an improvement of \$6.7 million in net realized and unrealized losses on investments-related derivatives, which was positively impacted by moderately decreasing rates during the first quarter of 2015, compared to the significant steepening of the yield curve that occurred in the first quarter of 2014, partially offset by a corresponding decrease in net unrealized gains on our fixed maturity investments trading of \$1.9 million in the first quarter of 2015, compared to the first quarter of 2014.

## Equity in Earnings of Other Ventures

| Three months ended March 31,<br>(in thousands) | 2015    | 2014    | Change  |
|--|---------|---------|---------|
| Tower Hill Companies                           | \$3,011 | \$1,986 | \$1,025 |
| Top Layer Re                                   | 2,616   | 2,445   | 171     |
| Other  | (332)   | ) (232  | ) (100) |
| Total equity in earnings of other ventures     | \$5,295 | \$4,199 | \$1,096 |

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 \$5.3 million in the first quarter of 2015, compared to \$4.2 million in the first quarter of 2014, with the increase driven by improved underwriting results in the Tower Hill Companies and Top Layer Re.

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



## Other Income

| Three months ended March 31,<br>(in thousands)                                    | 2015    | 2014 | Change  |
|---|---------|------|---------|
| Assumed and ceded reinsurance contracts accounted for as derivatives and deposits | \$1,317 | \$21 | \$1,296 |
| Other items   | 222     | 41   | 181     |
| Total other income  | \$1,539 | \$62 | \$1,477 |

In the first quarter of 2015, we generated other income of \$1.5 million, compared to \$0.1 million in the first quarter of 2014, with the increase driven by our assumed and ceded reinsurance contracts accounted for as derivatives and deposits.

## Corporate Expenses

| Three months ended March 31,<br>(in thousands) | 2015     | 2014    | Change   |
|--|----------|---------|----------|
| Total corporate expenses                       | \$45,598 | \$4,545 | \$41,053 |

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 increased \$41.1 million to \$45.6 million in the first quarter of 2015, compared to \$4.5 million in the first quarter of 2014, primarily due to \$40.4 million of corporate expenses associated with the acquisition of Platinum, comprised of \$11.5 million of transaction-related expenses, \$0.9 million of integration-related expenses and \$28.0 million of compensation-related expenses.

## Net Income Attributable to Noncontrolling Interests

| Three months ended March 31,<br>(in thousands)      | 2015       | 2014       | Change  |
|---|------------|------------|---------|
| Net income attributable to noncontrolling interests | \$(39,662) | \$(42,768) | \$3,106 |

Our net income attributable to noncontrolling interests was \$39.7 million in the first quarter of 2015, compared to \$42.8 million in the first quarter of 2014. The \$3.1 million decrease in net income attributable to noncontrolling interests was principally due to a decrease in the profitability of DaVinciRe. Our ownership in DaVinciRe was 26.3% at March 31, 2015, compared to 26.5% at March 31, 2014. We expect our ownership in DaVinciRe to fluctuate over time.

## Income Tax Benefit (Expense)

| Three months ended March 31,<br>(in thousands) | 2015     | 2014    | Change   |
|--|----------|---------|----------|
| Income tax benefit (expense)                   | \$47,904 | \$(166) | \$48,070 |

We recognized an income tax benefit of \$47.9 million in the first quarter of 2015, compared to income tax expense of \$0.2 million in the first quarter of 2014, primarily the result of a reduction in our U.S.-based deferred tax asset valuation allowance from \$47.4 million to \$Nil as a result of expected profits to be experienced in our U.S.-based operations due principally to the acquisition of Platinum on March 2, 2015.

## 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 under statutory regulations and insurance law, which require our insurance subsidiaries to maintain certain measures of solvency and liquidity. During the three months ended March 31, 2015, Renaissance Reinsurance, DaVinciRe, the operating subsidiaries of RenRe Insurance Holdings Ltd. (which principally includes RenaissanceRe Specialty Risks and RenaissanceRe Specialty U.S.) and the operating subsidiaries of Platinum (which principally includes Platinum Bermuda and Renaissance Reinsurance U.S.) returned capital to RenaissanceRe, which included dividends declared and return of capital, net of capital contributions received, of \$128.7 million, \$17.3 million, \$180.0 million and \$Nil, respectively (2014 - \$133.0 million, \$73.7 million, \$Nil and \$Nil, respectively).

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.

### Bermuda Regulation

Bermuda regulations require approval from the Bermuda Monetary Authority (the “BMA”) for any reduction of capital in excess of 15% of statutory capital, as defined in the Insurance Act 1978 and related regulations (collectively, the “Insurance Act”). The Insurance Act also requires the Bermuda insurance subsidiaries of RenaissanceRe to maintain certain measures of solvency and liquidity. At March 31, 2015, the statutory capital and surplus of our Bermuda insurance subsidiaries was \$4.2 billion (December 31, 2014 - \$3.4 billion) and exceeded the minimum amount required to be maintained under Bermuda law.

In light of the acquisition of Platinum and the potential for organizational and capital changes, Renaissance Reinsurance and RenaissanceRe Specialty Risks and its subsidiaries have each received a request from the BMA to obtain written approval prior to paying dividends or returning capital to RenaissanceRe during 2015.

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 therefore must maintain capital at a level equal to an enhanced capital requirement (“ECR”) which is established by reference to the Bermuda Solvency Capital Requirement (“BSCR”) model. The BSCR is a risk-based capital model designed to give the BMA more advanced 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 (“MSM”) otherwise prescribed under the Insurance Act. Alternatively, under the Insurance Act, insurers may, subject to the terms of the Insurance Act and to the BMA’s oversight, elect to utilize an approved internal capital model to determine regulatory capital. In either case, the ECR shall at all times equal or exceed the respective Class 3B and Class 4 insurer’s MSM and may be adjusted in circumstances where the BMA concludes that the insurer’s risk profile deviates significantly from the assumptions underlying its ECR or the insurer’s assessment of its risk management policies and practices used to calculate the ECR applicable to it. While not specifically referred to in the Insurance Act, the BMA has also established a target capital level (“TCL”) for each Class 3B and Class 4 insurer equal to 120% of its respective ECR. While a Class 3B or Class 4 insurer is not currently required to maintain its statutory capital and surplus at this level, the TCL serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased BMA regulatory oversight. The 2014 BSCR for Renaissance Reinsurance, DaVinci, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S. and Platinum Bermuda were filed with the BMA on or before April 30, 2015; and each company exceeded its respective target level of required capital.

#### U.K. Regulation

RenaissanceRe CCL and Syndicate 1458 are subject to oversight by the Council of Lloyd's. RSML is subject to regulation by the U.K.'s Prudential Regulation Authority and the Financial Conduct Authority, under the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012. Underwriting 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 March 31, 2015, the FAL requirement set by Lloyd's for Syndicate 1458 is £239.8 million based on its business plan, approved in November 2014 (December 31, 2014 - £239.8 million based on its business plan, approved in November 2014). Actual FAL posted for Syndicate 1458 at March 31, 2015 by RenaissanceRe CCL is \$300.0 million and £70.0 million supported 100% by letters of credit (December 31, 2014 - \$300.0 million and £70.0 million).

#### U.S. Regulation

The National Association of Insurance Commissioners (the "NAIC") 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. Renaissance Reinsurance U.S. is domiciled in Maryland, which has adopted the NAIC's model law. 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. Depending on the results of the RBC calculation, insurers may be subject to varying degrees of regulatory action depending upon the level of their capital inadequacy.

Laws and regulations in the U.S. establish minimum capital adequacy levels and grant regulators the authority to take specific actions based on the level of impairment. For Renaissance Reinsurance U.S. this amount is the Company Action Level ("CAL") based on the RBC model of the NAIC and represents the first level at which regulatory action is triggered. At March 31, 2015, the statutory capital and surplus of Renaissance Reinsurance U.S. was estimated to be \$539.4 million (December 31, 2014 - \$531.4 million) and exceeded the CAL required to be maintained under U.S. law.

Under Maryland insurance law, Renaissance Reinsurance U.S. must notify the Maryland Insurance Commissioner (the "Commissioner") within five business days after the declaration of any dividend or distribution, other than an extraordinary dividend or extraordinary distribution, and notify the Commissioner at least ten days prior to the payment or distribution thereof. The Commissioner has the right to prevent payment of such a dividend or such a distribution if the Commissioner determines, in the Commissioner's discretion, that after the payment thereof, the policyholders' surplus of Renaissance Reinsurance U.S. would be inadequate or could cause Renaissance Reinsurance U.S. to be in a hazardous financial condition. Renaissance Reinsurance U.S. must give at least 30 days prior notice to the Commissioner before paying an extraordinary dividend or making an extraordinary distribution from other than earned surplus. Extraordinary dividends and extraordinary distributions are dividends or distributions which, together with any other dividends and distributions paid during the immediately preceding twelve-month period, would exceed the lesser of:

• 10% of the insurer's statutory policyholders' surplus (as determined under statutory accounting principles) as of December 31 of the prior year; or

• the insurer's net investment income excluding realized capital gains (as determined under statutory accounting principles) for the twelve-month period ending on December 31 of the prior year and pro rata distributions of any class of the insurer's securities, plus any amounts of net investment income (subject to the foregoing exclusions) in the three calendar years prior to the preceding year which have not been distributed.

For 2015, Renaissance Reinsurance U.S. will have an ordinary dividend capacity of \$27.2 million.

State insurance laws and regulations require Renaissance Reinsurance U.S. to file statutory basis financial statements with insurance regulators in each state where it is licensed, authorized or accredited to do business. The operations of Renaissance Reinsurance U.S. are subject to examination by those state insurance regulators at any time. The 2014 statutory basis financial statements for Renaissance Reinsurance U.S. were filed in advance of the March 1, 2015 deadline.



### Singapore Regulation

Branches of Renaissance Reinsurance and DaVinci based in the Republic of Singapore (the “Singapore Branches”) have each received a license to carry on insurance business as a general reinsurer. The activities of the Singapore Branches are primarily regulated by the Monetary Authority of Singapore pursuant to Singapore’s Insurance Act. Additionally, the Singapore Branches are regulated by the Accounting and Corporate Regulatory Authority (“ACRA”) as foreign companies pursuant to Singapore’s Companies Act. The activities and regulatory requirements of the Singapore Branches are not considered to be material to us. Renaissance Services of Asia Pte. Ltd., our Singapore-based service company, is registered with the ACRA and subject to Singapore’s Companies Act.

As discussed in the “Capital Resources” section below, 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 subsidiaries. The ability to pay such dividends is limited by the applicable laws and regulations of the various countries and states in which these subsidiaries operate, including, among others, Bermuda, the U.S., Ireland, and the U.K. Refer to “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Financial Condition” for further discussion and details regarding dividend capacity of our major operating subsidiaries.

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 year of inception of a policy when the premium is written, but can be longer on certain reinsurance business assumed.

Operating expenses are generally paid within a year of being incurred. Claims and claims expenses may 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 relatively recent occurrence 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 are a “well-known seasoned issuer” as defined by the rules promulgated under the Securities Act, and we maintain a “shelf” Registration Statement on Form S-3 (the “Shelf Registration Statement”) under the Securities Act and are 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. The Shelf Registration Statement allows for various types of securities to be offered, including, but not limited to, common shares, preference shares and debt securities. In addition, we maintain letter of credit facilities which provide liquidity. Refer to “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Capital Resources” for details of these facilities.

#### Cash Flows

| Three months ended March 31,<br>(in thousands)           | 2015       | 2014       |
|--|------------|------------|
| Net cash (used in) provided by operating activities      | \$(118,605 | ) \$46,639 |
| Net cash provided by investing activities                | 62,004     | 301,194    |
| Net cash provided by (used in) financing activities      | 97,777     | (428,173   |
| Effect of exchange rate changes on foreign currency cash | (9,142     | ) (529     |
| Net increase (decrease) in cash and cash equivalents     | 32,034     | (80,869    |
| Cash and cash equivalents, beginning of period           | 525,584    | 408,032    |
| Cash and cash equivalents, end of period                 | \$557,618  | \$327,163  |

During the three months ended March 31, 2015, our cash and cash equivalents increased \$32.0 million, to \$557.6 million at March 31, 2015, compared to \$525.6 million at December 31, 2014.

Cash flows used in operating activities. Cash flows used in operating activities during the three months ended March 31, 2015 were \$118.6 million, compared to cash flows provided by operating activities of \$46.6 million during the three months ended March 31, 2014. Cash flows used in operating activities during the three months ended March 31, 2015 were primarily the result of certain adjustments to reconcile our net income of \$213.1 million to net cash provided by operating activities, including: an increase in premiums receivable and deferred acquisition costs of \$193.7 million and \$35.9 million, respectively, due to the timing of our gross premiums written, an increase of \$130.8 million in our prepaid reinsurance premiums due to the timing of our gross premiums ceded and a decrease in our reserve for claims and claim expenses of \$28.8 million as a result of claims payments of \$117.8 million, partially offset by claims and claims expenses incurred of \$89.0 million. Also partially offsetting these outflows was an increase in unearned premiums of \$238.1 million due to the timing of our gross premiums written. In addition, the other category of our consolidated statements of cash flows of \$158.8 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 provided by investing activities. During the three months ended March 31, 2015, our cash flows provided by investing activities were \$62.0 million, principally reflecting our net sales and maturities of fixed maturity investments, net sales of equity investments trading and net sales of short term investments of \$587.3 million, \$50.6 million and \$112.8 million, respectively, partially offset by 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. 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” and “Note 3. Acquisition of Platinum” in our notes to the consolidated financial statements 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 three months ended March 31, 2015 were \$97.8 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; partially offset by net outflows of \$180.3 million principally related to a return of capital to third party shareholders in DaVinciRe; and \$13.7 million and \$5.6 million of dividends paid on our common and preferred shares, respectively.

During the three months ended March 31, 2014, our cash and cash equivalents decreased \$80.9 million, to \$327.2 million at March 31, 2014, compared to \$408.0 million at December 31, 2013.

Cash flows provided by operating activities. Cash flows provided by operating activities during the three months ended March 31, 2014 were \$46.6 million, compared to \$128.5 million during the three months ended March 31, 2013. Cash flows provided by operating activities during the three months ended March 31, 2014 were primarily the result of certain adjustments to reconcile our net income of \$199.4 million to net cash provided by operating activities, including: an increase in unearned premiums of \$305.4 million due to the timing of our gross premiums written; a \$175.6 million increase in reinsurance balances payable due to the timing of our premiums ceded; and partially offset by an increase in premiums receivable and deferred acquisition costs of \$194.7 million and \$40.2 million, respectively, due to the timing of our gross premiums written, combined with an increase of \$141.6 million in our prepaid reinsurance premiums due to the timing of our gross premiums ceded and a decrease in our reserve for claims and claim expenses of \$30.8 million driven by the payment of claims and by favorable development on prior accident years net claims and claims expenses during the three months ended March 31, 2014. A portion of the cash provided by operating activities was used in our financing activities, as noted below.

Cash flows provided by investing activities. During the three months ended March 31, 2014, our cash flows provided by investing activities were \$301.2 million, principally reflecting our net sales and maturities of fixed maturity investments of \$231.1 million and net sales of short term investments of \$67.3 million.

Cash flows used in financing activities. Our cash flows used in financing activities in the three months ended March 31, 2014 were \$428.2 million, and were principally the result of the settlement of \$262.7 million of common share repurchases; net outflows of \$201.5 million related to the return of capital to third party shareholders in DaVinciRe; and \$11.9 million and \$5.6 million of dividends paid on our common and preferred shares, respectively; partially offset by net inflows of \$53.5 million from third party shareholders in Medici.

#### Impact of Platinum Acquisition on Liquidity and Capital Resources

On March 2, 2015, RenaissanceRe completed the acquisition of Platinum. Refer to Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Summary Results of Operations" and "Note 3. Acquisition of Platinum" in our notes to the consolidated financial statements for additional information with respect to the acquisition of Platinum.

The aggregate consideration for the transaction was \$1.93 billion, comprised of the 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. As discussed in "Capital Resources" below, RenaissanceRe used a short term bridge loan to fund \$300.0 million of the cash consideration paid by RenaissanceRe and on March 24, 2015, issued \$300.0 million of its 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 RenaissanceRe available funds.

We incurred \$40.4 million of corporate expenses associated with the acquisition of Platinum in the three months ended March 31, 2015. We expect to incur additional costs and expenses associated with the acquisition of Platinum in 2015. These additional costs may be significant.

Following the close of the acquisition of Platinum and execution of the actions noted above, we believe RenaissanceRe, and its 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, as discussed in "Capital Resources" below,





to meet its obligations, including but not limited to dividend payments to its common and preferred shareholders, interest payments on its senior notes and other liabilities as they come due.

#### Ratings

Financial strength ratings are an important factor in respect of 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.

Presented below are the ratings of our principal operating subsidiaries and joint ventures and the ERM rating of RenaissanceRe as of May 4, 2015.

|                                   | A.M. Best (4) | S&P         | Moody’s (5) | 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             | —           | —           | —     |
| ROE (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.

(4) On November 25, 2014, following the announcement that RenaissanceRe would acquire Platinum, A.M. Best affirmed its respective ratings of RenaissanceRe and RenaissanceRe’s existing operating subsidiaries and placed the ratings under review with negative implications. On April 16, 2015, A.M. Best removed from under review with negative implications, and affirmed its respective ratings of, RenaissanceRe and RenaissanceRe’s existing operating subsidiaries. The outlook for Renaissance Reinsurance's and Renaissance Reinsurance of Europe's issuer financial strength ratings is negative, while the outlook for RenaissanceRe's other existing operating subsidiaries' is stable. In addition, A.M. Best removed from under review with developing implications, affirmed its respective ratings of, and assigned an outlook of positive to, the issuer financial strength ratings of Platinum Bermuda and Renaissance Reinsurance U.S.

(5) On November 25, 2014, following the announcement that RenaissanceRe would acquire Platinum, Moody's affirmed its respective ratings of RenaissanceRe and RenaissanceRe’s existing operating subsidiaries. However, Moody's changed its outlook to negative, from stable, reflecting Moody’s opinion of the uncertain benefits and higher financial leverage of the combined entity.

#### 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 previously reported to us which we believe may not be adequately reserved as of that date, and adding estimates for the anticipated cost of claims incurred but not yet reported to us (“IBNR”).

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Our estimates of claims and claim expenses are also based in part upon the estimation of claims resulting from natural and man-made disasters such as hurricanes, earthquakes, tsunamis, winter storms, terrorism and other catastrophic events. Estimation of claims resulting from catastrophic events is inherently difficult because of the potential severity of property catastrophe claims. Additionally, we have recently increased our specialty reinsurance business but do not have the benefit of a significant amount of our own historical experience in certain specialty reinsurance lines of business. Therefore, we use both proprietary and commercially available models, as well as historical (re)insurance industry claims experience, for purposes of evaluating future trends and providing an estimate of ultimate claims costs.

On March 2, 2015, as a result of the acquisition of Platinum, which was accounted under the acquisition method of accounting in accordance with FASB ASC Topic Business Combinations, total consideration paid was allocated among acquired assets and assumed liabilities based on the fair values of the assets acquired and liabilities assumed, including Platinum's claims and claim expense reserves, which totaled \$1.4 billion at March 2, 2015 and consisted of \$117.4 million and \$1.3 billion included in our Catastrophe Reinsurance and Specialty Reinsurance segments, respectively, and subject to the reserving methodologies for each respective line of business as described below. The following table summarizes our claims and claim expense reserves by line of business and split between case reserves, additional case reserves and IBNR:

| At March 31, 2015       | Case Reserves | Additional Case Reserves | IBNR        | Total       |
|-------------------------|---------------|--------------------------|-------------|-------------|
| (in thousands)          |               |                          |             |             |
| Catastrophe Reinsurance | \$284,684     | \$158,165                | \$179,342   | \$622,191   |
| Specialty Reinsurance   | 542,201       | 97,281                   | 1,182,865   | 1,822,347   |
| Lloyd's                 | 61,703        | 17,064                   | 218,952     | 297,719     |
| Other                   | 3,515         | 2,354                    | 33,442      | 39,311      |
| Total                   | \$892,103     | \$274,864                | \$1,614,601 | \$2,781,568 |
| December 31, 2014       |               |                          |             |             |
| (in thousands)          |               |                          |             |             |
| Catastrophe Reinsurance | \$253,431     | \$150,825                | \$138,411   | \$542,667   |
| Specialty Reinsurance   | 106,293       | 79,457                   | 357,960     | 543,710     |
| Lloyd's                 | 65,295        | 14,168                   | 204,984     | 284,447     |
| Other                   | 5,212         | 2,354                    | 34,120      | 41,686      |
| Total                   | \$430,231     | \$246,804                | \$735,475   | \$1,412,510 |

The following table presents an analysis of our paid, unpaid and incurred losses and loss expenses and a reconciliation of beginning and ending reserve for claims and claim expenses for the periods indicated:

| Three months ended March 31,<br>(in thousands) | 2015        | 2014        |
|--|-------------|-------------|
| Net reserves, beginning of period              | \$1,345,816 | \$1,462,705 |
| Net incurred related to:                       |             |             |
| Current year                                   | 98,998      | 75,608      |
| Prior years                                    | (22,145)    | (16,693)    |
| Total net incurred                             | 76,853      | 58,915      |
| Net paid related to:                           |             |             |
| Current year                                   | 33,812      | 1,052       |
| Prior years                                    | 84,102      | 86,647      |
| Total net paid                                 | 117,914     | 87,699      |
| Amounts acquired (1)                           | 1,394,117   | —           |
| Net reserves, end of period                    | 2,698,872   | 1,433,921   |
| Reinsurance recoverable, end of period         | 82,696      | 98,962      |
| Gross reserves, end of period                  | \$2,781,568 | \$1,532,883 |

(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 can be received on a monthly, quarterly or transactional basis and normally includes estimates of paid claims and 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 Storm Sandy and the New Zealand and Tohoku Earthquakes are 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. There is inherent uncertainty and complexity in evaluating loss reserve levels and reinsurance recoverable amounts, due to the nature of the losses relating to earthquake events, including that loss development time frames tend to take longer with respect to earthquake events. The contingent



nature of business interruption and other exposures will also impact losses in a meaningful way, especially in respect of our current reserves with regard to Storm Sandy, the Tohoku Earthquake and the Thailand Floods, 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 and relatively recent occurrence of these large events, meaningful uncertainty remains 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 \$22.1 million during the three months ended March 31, 2015 (2014 - \$16.7 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:

| Three months ended March 31,<br>(in thousands) | 2015       | 2014       |
|--|------------|------------|
| Catastrophe Reinsurance                        | \$(16,530) | \$(6,074)  |
| Specialty Reinsurance                          | (9,676)    | (15,841)   |
| Lloyd's  | 4,233      | 5,124      |
| Other  | (172)      | 98         |
| Total  | \$(22,145) | \$(16,693) |

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. In recent periods, our catastrophe-exposed proportional reinsurance product offerings (also referred to as quota share reinsurance or pro-rata reinsurance) have grown and may continue to grow in the future. 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 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 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 have been no changes to our paid loss development factors during the last three years.

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 three months ended March 31, 2015:

| Three months ended March 31, 2015   | Catastrophe<br>Reinsurance<br>Segment |
|---|---------------------------------------|
| (in thousands)  |                                       |
| Catastrophe net claims and claim expenses   |                                       |
| Large catastrophe events  |                                       |
| Thailand Floods (2011)  | \$(13,317 )                           |
| Tohoku Earthquake and Tsunami (2011)  | (6,305 )                              |
| New Zealand Earthquakes (2011)  | 19,617                                |
| Total 2011 International Events   | (5 )                                  |
| April and May U.S. Tornadoes (2011)   | (5,267 )                              |
| Hurricanes Gustav and Ike (2008)  | (1,459 )                              |
| Other   | (2,072 )                              |
| Total large catastrophe events  | (8,803 )                              |
| Small catastrophe events  |                                       |
| U.S. PCS 24 Wind and Thunderstorm (2013)  | (2,974 )                              |
| U.S. PCS 76 Wind and Thunderstorm (2012)  | (1,600 )                              |
| Other   | (3,153 )                              |
| Total small catastrophe events  | (7,727 )                              |
| Total favorable development of prior accident years net claims and claim expenses | \$(16,530 )                           |

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the three months ended March 31, 2015 of \$16.5 million was principally comprised of favorable development of \$5.3 million related to the April and May 2011 U.S. Tornadoes, \$1.5 million related to the 2008 Hurricanes (Gustav and Ike) and \$9.8 million related to a number of other relatively small catastrophe events, each principally the result of changes in our estimated ultimate loss for each respective event. Net favorable development of prior accident years net claims and claim expenses related to the 2011 International Events was \$5 thousand 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 principally driven by the same counterparties re-allocating losses between the 2011 International Events.

The following table details the development of our liability for unpaid claims and claim expenses for the Catastrophe Reinsurance segment for the three months ended March 31, 2014:

| Three months ended March 31, 2014   | Catastrophe<br>Reinsurance<br>Segment |
|---|---------------------------------------|
| (in thousands)  |                                       |
| Catastrophe net claims and claim expenses   |                                       |
| Large catastrophe events  |                                       |
| Hurricanes Gustav and Ike (2008)  | \$(2,359 )                            |
| New Zealand Earthquake (2010)   | 1,437                                 |
| Other   | (1,937 )                              |
| Total large catastrophe events  | (2,859 )                              |
| Small catastrophe events  |                                       |
| European Floods (2013)  | (3,020 )                              |
| U.S. PCS 17 Wind and Thunderstorm (2013)  | (1,600 )                              |
| U.S. PCS 24 Wind and Thunderstorm (2013)  | (1,500 )                              |
| U.S. PCS 92 Winter Storm (2013)   | 2,130                                 |
| Other   | 775                                   |
| Total small catastrophe events  | (3,215 )                              |
| Total favorable development of prior accident years net claims and claim expenses | \$(6,074 )                            |

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the three months ended March 31, 2014 of \$6.1 million was principally comprised of favorable development of \$2.4 million and \$3.0 million related to the 2008 Hurricanes and the 2013 European Floods, respectively, as a result of reduction in the expected ultimate net loss for these events, with the remainder due to net favorable development on a number of other events as detailed in the table above.

#### Specialty Reinsurance Segment

Within our Specialty Reinsurance segment, we write a number of reinsurance lines such as aviation, casualty clash, catastrophe exposed personal lines property, catastrophe exposed workers' compensation, crop, energy, financial guaranty, financial liability, marine, mortgage guaranty, political risk, surety, terrorism, trade credit, certain other casualty lines including cyber, directors and officers liability, general liability, medical malpractice and professional indemnity, and other specialty lines of reinsurance that we collectively refer to as specialty reinsurance. In connection with the acquisition of Platinum, we have expanded our lines of business to include automobile liability, accident and health and traditional workers compensation, and increased our presence within certain existing lines of business, including casualty clash, general liability, professional indemnity and other financial lines of business. 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 specialty protection or proportional coverage which we expect to grow on an absolute or 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 original premiums and losses of the reinsured. We offer our specialty reinsurance products to insurance companies and other reinsurance companies and provide coverage for specific geographic regions or on a worldwide basis. Our Specialty Reinsurance segment can generally be 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. We have more recently positioned

RenaissanceRe Specialty Risks to accept a wider

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range of quota share risks, facilitating our efforts to expand trading relationships with core clients via a separate, highly-rated balance sheet. 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, this expanded product suite through RenaissanceRe Specialty Risks may pose new, unmodelled or unforeseen risks for which we may not be adequately compensated and may also result in a higher level of attritional claims and claim expenses. 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, legal and economic environment, which we believe gives rise to greater uncertainty in our claims reserves. Moreover, in reserving for our specialty reinsurance coverages we do not have the benefit of a significant amount of our own historical experience in certain lines of business and may have little or no related corporate reserving history in new lines of business. We believe these factors make our Specialty Reinsurance segment reserving subject to greater uncertainty than our Catastrophe Reinsurance segment.

When initially developing our reserving techniques for our specialty reinsurance coverages, we considered estimating reserves utilizing several actuarial techniques such as paid and reported loss development methods. We elected to use the Bornhuetter-Ferguson actuarial method because this method is appropriate for lines of business, such as our specialty reinsurance business, where there is a lack of historical claims experience. 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 difference between expected reported claims and actual reported claims is reflected in the respective reporting period as a change in estimate. We reevaluate our actuarial reserving techniques on a periodic basis. For lines of business for which we have the benefit of a significant amount of historical claims data, we use additional actuarial techniques, such as the incurred loss development factors method, the expected loss ratio method, the booked loss ratio method, the paid Bornhuetter-Ferguson actuarial method and the paid loss development method, in addition to the incurred Bornhuetter-Ferguson actuarial method, and can utilize several of these methods as a way to develop our best estimate of the ultimate costs associated with these lines of business.

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, when we use the additional actuarial methods noted above, we estimate loss ratios as well as paid and reported loss development patterns, and these actuarial assumptions are typically based on historical paid and reported claims experience by line of business. 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. These 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 three months ended March 31, 2015:

| Three months ended March 31, 2015  | Specialty<br>Reinsurance<br>Segment |
|--|-------------------------------------|
| Catastrophe net claims and claim expenses  |                                     |
| Large catastrophe events   |                                     |
| Other  | \$965                               |
| Total large catastrophe events   | 965                                 |
| Total catastrophe net claims and claim expenses  | 965                                 |
| Attritional net claims and claim expenses  |                                     |
| Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims | (10,641 )                           |
| Total attritional net claims and claim expenses  | (10,641 )                           |
| Total favorable development of prior accident years net claims and claim expenses        | \$(9,676 )                          |

The favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in the three months ended March 31, 2015 of \$9.7 million was primarily driven by reported claims coming in lower than expected on prior accident years events.

The following table details the development of our liability for unpaid claims and claim expenses for our Specialty Reinsurance segment for the three months ended March 31, 2014:

| Three months ended March 31, 2014  | Specialty<br>Reinsurance<br>Segment |
|--|-------------------------------------|
| Attritional net claims and claim expenses  |                                     |
| Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims | \$(15,841 )                         |
| Total attritional net claims and claim expenses  | (15,841 )                           |
| Total favorable development of prior accident years net claims and claim expenses        | \$(15,841 )                         |

The favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in the three months ended March 31, 2014 of \$15.8 million was due to reported claims activity coming in lower than expected on prior accident years events.

#### Lloyd's Segment

Within our Lloyd's segment, we write property catastrophe excess of loss reinsurance contracts to insure insurance and reinsurance companies against natural and man-made catastrophes, and write a number of specialty reinsurance lines, insurance policies and quota share reinsurance that involves understanding the characteristics of the underlying insurance policy.

We 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 three months ended March 31, 2015:

| Three months ended March 31, 2015   | Lloyd's<br>Segment |
|---|--------------------|
| Catastrophe net claims and claim expenses   |                    |
| Large catastrophe events  |                    |
| Other   | \$(262 )           |
| Total large catastrophe events  | (262 )             |
| Small catastrophe events  |                    |
| Other   | 3,324              |
| Total small catastrophe events  | 3,324              |
| Total catastrophe net claims and claim expenses   | 3,062              |
| Attritional net claims and claim expenses   |                    |
| Bornhuetter-Ferguson actuarial method - actual reported claims greater than expected claims | 1,171              |
| Total attritional net claims and claim expenses   | 1,171              |
| Total adverse development of prior accident years net claims and claim expenses             | \$4,233            |

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$4.2 million during the three months ended March 31, 2015 was principally driven by higher than expected claims activity. The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd's segment for the three months ended March 31, 2014:

| Three months ended March 31, 2014   | Lloyd's<br>Segment |
|---|--------------------|
| Catastrophe net claims and claim expenses   |                    |
| Large catastrophe events  |                    |
| Other   | \$(362 )           |
| Total large catastrophe events  | (362 )             |
| Small catastrophe events  |                    |
| Other   | \$(317 )           |
| Total small catastrophe events  | (317 )             |
| Total catastrophe net claims and claim expenses   | (679 )             |
| Attritional net claims and claim expenses   |                    |
| Bornhuetter-Ferguson actuarial method - actual reported claims greater than expected claims | 5,803              |
| Total attritional net claims and claim expenses   | 5,803              |
| Total adverse development of prior accident years net claims and claim expenses             | \$5,124            |

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$5.1 million during the three months ended March 31, 2014 was principally driven by the application of our formulaic reserving methodologies for establishing incurred but not reported reserves for net claims and claim expenses.

## Capital Resources

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

|   | At March 31,<br>2015 | At December<br>31, 2014 | Change      |
|---|----------------------|-------------------------|-------------|
| (in thousands)  |                      |                         |             |
| Common shareholders' equity                                       | \$4,382,289          | \$3,504,384             | \$877,905   |
| Preference shares   | 400,000              | 400,000                 | —           |
| Total shareholders' equity attributable to RenaissanceRe          | 4,782,289            | 3,904,384               | 877,905     |
| 3.700% Senior Notes due 2025                                      | 299,400              | —                       | 299,400     |
| 5.75% Senior Notes due 2020                                       | 249,545              | 249,522                 | 23          |
| Series B 7.50% Senior Notes due 2017                              | 277,829              | —                       | 277,829     |
| RenaissanceRe revolving credit facility – unborrowed              | 250,000              | 250,000                 | —           |
| Total debt  | \$1,076,774          | \$499,522               | \$577,252   |
| Total shareholders' equity attributable to RenaissanceRe and debt | \$5,859,063          | \$4,403,906             | \$1,455,157 |

During the three months ended March 31, 2015, our total shareholders' equity attributable to RenaissanceRe and debt increased by \$1,455.2 million, to \$5.9 billion. Our shareholders' equity attributable to RenaissanceRe increased \$877.9 million during the three months ended March 31, 2015 principally as a result of:

the issuance of 7.4 million common shares for \$761.8 million in connection with the acquisition of Platinum; and our comprehensive income attributable to RenaissanceRe of \$173.4 million; partially offset by \$13.7 million and \$5.6 million of dividends on our common and preference shares, respectively.

During the three months ended March 31, 2015, our debt increased \$577.3 million, driven by the following transactions which occurred in connection with the acquisition of Platinum:

As of March 3, 2015, RenaissanceRe became an additional guarantor of Platinum Finance's obligations under the Platinum Finance Notes and the Platinum Finance Indenture. Pursuant to the Platinum Finance Indenture, Platinum Finance previously issued \$250.0 million in aggregate principal amount of its Series B 7.50% Notes due June 1, 2017, which is recorded on our consolidated balance sheet at \$277.8 million at March 31, 2015; and

On March 24, 2015, RenaissanceRe Finance issued \$300.0 million of its 3.700% Senior Notes due April 1, 2025, with interest on the notes payable on April 1 and October 1 of each year. Through a series of intercompany transactions (including a loan from RenaissanceRe Finance to RenaissanceRe), the net proceeds from the offering of the notes (together with cash on hand) were applied by RenaissanceRe to repay in full a \$300.0 million bridge loan that Barclays Bank PLC provided to RenaissanceRe on February 25, 2015 in order to finance a portion of the cash consideration paid by RenaissanceRe in connection with the acquisition of Platinum. Refer to "Note 3. Acquisition of Platinum" in the notes to our consolidated financial statements for additional information related to the cash consideration paid by RenaissanceRe in connection with the acquisition of Platinum.

Refer to "Note 7. Debt and Credit Facilities" in the notes to our consolidated financial statements for additional information related to the our 3.700% Senior Notes due April 1, 2025, the Platinum Finance Notes and our other existing debt facilities.

A summary of our credit facilities is set forth below:

| At March 31, 2015  | Issued or<br>Drawn |
|--|--------------------|
| RenaissanceRe Revolving Credit Facility                        | \$—                |
| Uncommitted Standby Letter of Credit Facility with Wells Fargo | 73,584             |
| Bilateral Letter of Credit Facility with Citibank Europe       | 139,463            |
| Funds at Lloyd's Letter of Credit Facilities                   | 300,000            |
| Specialty Risks Master Agreement                               | 8,609              |
| Platinum Syndicated Letter of Credit Facility                  | 88,833             |
| Platinum Letter of Credit Facility with NAB and ING            | 6,931              |
| Total credit facilities in U.S. dollars                        | \$617,420          |
| Funds at Lloyd's Letter of Credit Facilities                   | £ 70,000           |
| Total credit facilities in pound sterling                      | £ 70,000           |

There have been no material changes in our credit facilities as disclosed in our Form 10-K for the year ended December 31, 2014, other than as noted below.

#### Bilateral Letter of Credit Facility with Citibank Europe

Pursuant to the Facility Letter, among CEP and certain subsidiaries and affiliates of RenaissanceRe, CEP has established the Bilateral Facility under which CEP provides a commitment to issue letters of credit for the account of one or more of the Bilateral Facility Participants (as defined below) and their respective subsidiaries in multiple currencies. The "Bilateral Facility Participants" include Renaissance Reinsurance, DaVinci and RenaissanceRe Specialty Risks (each of which were original signatories to the Facility Letter), Renaissance Reinsurance of Europe and RenaissanceRe Specialty U.S. (each of which became parties to the Facility Letter effective October 1, 2013) and Platinum Bermuda and Renaissance Reinsurance U.S. (each of which became parties to the Facility Letter effective March 31, 2015). The aggregate commitment amount is \$300.0 million, subject to (i) a sublimit of \$50.0 million for letters of credit issued for the account of RenaissanceRe Specialty U.S. and (ii) a combined sublimit of \$25.0 million for letters of credit issued for the accounts of Platinum Bermuda and Renaissance Reinsurance U.S.

At March 31, 2015, \$139.5 million aggregate face amount of letters of credit was outstanding and, subject to the sublimits described above, \$160.5 million remained unused and available to the Bilateral Facility Participants under the Bilateral Facility.

#### Platinum Syndicated Letter of Credit Facility

Effective March 2, 2015 and subsequent to the acquisition of Platinum, Platinum entered into the Credit Agreement Amendment with Wells Fargo, the lenders party thereto and the Platinum Subsidiary Borrowers. The Credit Agreement Amendment amends the Third Amended and Restated Credit Agreement, dated as of April 9, 2014, by and among Platinum, the Platinum Subsidiary Borrowers, Wells Fargo and the lenders party thereto (as amended, supplemented or otherwise modified from time to time, the "Platinum Credit Agreement"). Among other things, the Credit Agreement Amendment (i) evidences the consent to the acquisition of Platinum of the lenders under the Platinum Credit Agreement, (ii) reduces the aggregate amount available under the Platinum Credit Agreement to \$100.0 million, all of which is available for letters of credit, (iii) eliminates the sublimit under the Platinum Credit Agreement for revolver borrowings, (iv) reflects the addition of RenaissanceRe as a guarantor of the obligations of Platinum and the Platinum Subsidiary Borrowers under the Platinum Credit Agreement and (v) eliminates or modifies certain of the covenants and events of default under the Platinum Credit Agreement.

Effective March 2, 2015, RenaissanceRe entered into a Guaranty for the benefit of the lenders under the Platinum Credit Agreement pursuant to which RenaissanceRe guaranteed the obligations of Platinum and the Platinum Subsidiary Borrowers under the Platinum Credit Agreement and agreed to certain information



reporting and financial covenants. The financial covenants are the same financial covenants as in effect as of March 2, 2015 under the Revolving Credit Agreement.

At March 31, 2015, \$88.8 million aggregate face amount of letters of credit was outstanding and \$11.2 million remained unused and available to the Platinum Subsidiary Borrowers under the Platinum Syndicated Letter of Credit Facility.

Platinum Letter of Credit Facility with National Australia Bank Limited and ING Bank, N.V.

Effective March 2, 2015 and subsequent to the acquisition of Platinum, Platinum Bermuda, as borrower, and Platinum, as guarantor, entered into the Facility Agreement Amendment with NAB and ING. Among other things, the Facility Agreement Amendment (i) evidences the consent of NAB and ING to the acquisition of Platinum, (ii) reflects the addition of RenaissanceRe as a guarantor of the obligations of Platinum and Platinum Bermuda under the Facility Agreement and (iii) eliminates or modifies certain of the covenants and events of default under the Facility Agreement.

Effective March 2, 2015, RenaissanceRe entered into a Guaranty for the benefit of NAB and ING pursuant to which RenaissanceRe guaranteed the obligations of Platinum Bermuda and Platinum under the Facility Agreement and agreed to certain information reporting and financial covenants. The financial covenants are the same financial covenants as in effect as of March 2, 2015 under the Revolving Credit Agreement.

At March 31, 2015, \$6.9 million aggregate face amount of letters of credit was outstanding under the Facility Agreement and \$118.1 million remained unused and available to Platinum Bermuda under the Facility Agreement Amendment with NAB and ING.

Refer to “Note 7. Debt and Credit Facilities” in the notes to our consolidated financial statements for additional information related to the credit facilities discussed above and our other existing credit facilities.

#### Multi-Beneficiary Reinsurance Trusts

Effective March 15, 2011, each of Renaissance Reinsurance and DaVinci was approved as a Trusteed Reinsurer in the State of New York and established a multi-beneficiary reinsurance trust (“MBRT”) to collateralize its respective (re)insurance liabilities associated with U.S. domiciled cedants. The MBRTs are subject to the rules and regulations of the State of New York and the respective deed of trust, including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Following the initial approval in the State of New York, Renaissance Reinsurance and DaVinci have submitted applications to all U.S. states to become Trusteed Reinsurers. As of March 31, 2015, Renaissance Reinsurance and DaVinci are approved in 52 and 51 U.S. states and territories, respectively. We expect, over time, to transition cedants with existing outstanding letters of credit to the appropriate MBRT as determined by cedant state of domicile, thereby reducing our absolute and relative reliance on letters of credit. Accordingly, it is our intention to seek to have new business incepting with cedants domiciled in approved states collateralized using a MBRT. Cedants collateralized with a MBRT will be eligible for automatic reinsurance credit in their respective U.S. regulatory filings. Assets held under trust at March 31, 2015 with respect to the MBRTs totaled \$504.9 million and \$175.0 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of \$428.2 million and \$113.4 million, respectively.

#### Multi-Beneficiary Reduced Collateral Reinsurance Trusts

Effective December 31, 2012, each of Renaissance Reinsurance and DaVinci has been approved as an “eligible reinsurer” in the State of Florida. Therefore they are each authorized to provide reduced collateral equal to 20% of their net outstanding insurance liabilities to Florida-domiciled insurers. Each of Renaissance Reinsurance and DaVinci has established a multi-beneficiary reduced collateral reinsurance trust (“RCT”) to collateralize its (re)insurance liabilities associated with Florida-domiciled cedants. Because the RCTs were established in New York, they are subject to the rules and regulations of the State of New York including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Assets held under trust at March 31, 2015 with respect to the RCTs totaled \$43.4 million and \$18.9 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of \$16.3 million and \$10.6 million, respectively.





Redeemable Noncontrolling Interest – DaVinciRe

DaVinciRe shareholders are party to a shareholders agreement (the “Shareholders Agreement”) which provides DaVinciRe shareholders, excluding us, 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 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 DaVinciRe 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 January of the following year. Payment will be made by April 1, following delivery of the audited financial statements for the year in which the repurchase was effective. The repurchase price is subject to a true-up for development on outstanding loss reserves after settlement of all claims relating to the applicable years.

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. Our noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 26.3%, effective January 1, 2015.

On May 4, 2015, DaVinciRe issued \$150.0 million of its 4.750% Senior Notes due May 1, 2025, with interest on the notes payable on May 1 and November 1, commencing with November 1, 2015. The notes may be redeemed prior to maturity, subject to the payment of a “make-whole” premium if the notes are redeemed before February 1, 2025. The notes contain various covenants including, among others, limitations on mergers, amalgamations and consolidations, limitations on third party investor redemptions, a leverage covenant and maintenance of certain ratings. The net proceeds from this offering were used to repay, in full, \$100.0 million outstanding under the DaVinciRe Loan Agreement, and the remainder of the net proceeds may be used to repurchase DaVinciRe shares or for general corporate purposes.

## Investments

The table below shows our invested assets:

|  | March 31, 2015 |       | December 31, 2014 |       | Change         |
|--|----------------|-------|-------------------|-------|----------------|
| (in thousands, except percentages)                 |                |       |                   |       |                |
| U.S. treasuries                                    | \$1,535,746    | 17.7  | % \$1,671,471     | 24.8  | % \$(135,725 ) |
| Agencies   | 152,272        | 1.8   | % 96,208          | 1.4   | % 56,064       |
| Municipal  | 1,220,206      | 14.1  | % —               | —     | % 1,220,206    |
| Non-U.S. government (Sovereign debt)               | 329,626        | 3.8   | % 280,651         | 4.2   | % 48,975       |
| Non-U.S. government-backed corporate               | 151,446        | 1.7   | % 146,467         | 2.2   | % 4,979        |
| Corporate  | 1,603,024      | 18.5  | % 1,610,442       | 23.9  | % (7,418 )     |
| Agency mortgage-backed                             | 342,461        | 3.9   | % 316,620         | 4.7   | % 25,841       |
| Non-agency mortgage-backed                         | 268,102        | 3.1   | % 253,050         | 3.7   | % 15,052       |
| Commercial mortgage-backed                         | 361,812        | 4.2   | % 381,051         | 5.7   | % (19,239 )    |
| Asset-backed                                       | 43,234         | 0.5   | % 27,610          | 0.4   | % 15,624       |
| Total fixed maturity investments, at fair value    | 6,007,929      | 69.3  | % 4,783,570       | 71.0  | % 1,224,359    |
| Short term investments, at fair value              | 1,775,819      | 20.4  | % 1,013,222       | 15.0  | % 762,597      |
| Equity investments trading, at fair value          | 261,656        | 3.0   | % 322,098         | 4.8   | % (60,442 )    |
| Other investments, at fair value                   | 514,906        | 5.9   | % 504,147         | 7.5   | % 10,759       |
| Total managed investment portfolio                 | 8,560,310      | 98.6  | % 6,623,037       | 98.3  | % 1,937,273    |
| Investments in other ventures, under equity method | 123,743        | 1.4   | % 120,713         | 1.7   | % 3,030        |
| Total investments                                  | \$8,684,053    | 100.0 | % \$6,743,750     | 100.0 | % \$1,940,303  |

At March 31, 2015, we held investments totaling \$8.7 billion, compared to \$6.7 billion at December 31, 2014, with net unrealized appreciation included in accumulated other comprehensive income of \$3.3 million at March 31, 2015, compared to \$3.4 million at December 31, 2014. In connection with the acquisition of Platinum, we acquired \$1.8 billion of fixed maturity investments trading and \$883.5 million of short term investments. 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 5. 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 hedge funds, private equity partnerships, a senior secured bank loan fund, catastrophe bonds and other investments). At March 31, 2015, our portfolio of equity investments trading totaled \$261.7 million, or 3.0%, of our total investments (December 31, 2014 - \$322.1 million or 4.8%) inclusive of our investment in Essent Group Ltd. of \$111.6 million (December 31, 2014 - \$120.0 million), and our portfolio of other investments totaled \$514.9 million, or 5.9%, of our total investments (December 31, 2014 - \$504.1 million or 7.5%).

## Other Investments

The table below shows our portfolio of other investments:

|                                | March 31,<br>2015 | December 31,<br>2014 | Change      |
|--------------------------------|-------------------|----------------------|-------------|
| (in thousands)                 |                   |                      |             |
| Private equity partnerships    | \$271,074         | \$281,932            | \$(10,858 ) |
| Catastrophe bonds              | 221,780           | 200,329              | 21,451      |
| Senior secured bank loan funds | 19,679            | 19,316               | 363         |
| Hedge funds                    | 2,373             | 2,570                | (197 )      |
| Total other investments        | \$514,906         | \$504,147            | \$10,759    |

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 hedge funds, private equity funds and a senior secured bank loan fund, 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. Certain of our fund managers, fund administrators, or both, are unable to provide final fund valuations as of our current reporting date. The typical reporting lag experienced by us to receive a final net asset value report is one month for hedge funds and senior secured bank loan funds and three months for private equity funds, although, in the past, in respect of certain of our private equity funds, we have on occasion experienced delays of up to six months at year end, as the private equity funds typically complete their respective 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, as well as 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 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, as well as 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 three months ended March 31, 2015 is a loss of \$3.1 million (2014 - loss of \$0.8 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 5. 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 \$13.9 million of net investment income for the three months ended March 31, 2015 (2014 - \$16.8 million). Of this amount, \$4.9 million relates to net unrealized gains (2014 - unrealized gains of \$5.0 million).



We have committed capital to private equity partnerships and other investments of \$669.0 million, of which \$514.6 million has been contributed at March 31, 2015. Our remaining commitments to these investments at March 31, 2015 totaled \$163.7 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. The anticipated effects on us are considered 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 March 31, 2015, we have not entered into any off-balance sheet arrangements, as defined by 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, 2014. These contractual obligations are considered by us when assessing our liquidity requirements. As of March 31, 2015, there are 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, 2014, other than as noted below.

On March 2, 2015, as a result of the acquisition of Platinum, which was accounted for under the acquisition method of accounting in accordance with FASB ASC Topic Business Combinations, total consideration paid was allocated among acquired assets and assumed liabilities based on the fair values of the assets acquired and liabilities assumed. Refer to “Note 3. Acquisition of Platinum” in the notes to our consolidated financial statements for additional information related to the acquisition of Platinum.

##### Long Term Debt Obligations

In connection with acquisition of Platinum, our aggregate indebtedness increased by \$550.0 million, consisting of Platinum’s existing \$250.0 million of Series B 7.50% Notes due 2017, which remain outstanding following the acquisition of Platinum, and \$300.0 million of 3.700% Senior Notes due 2025 issued by RenaissanceRe, which we used to repay a bridge loan used to fund part of the cash component of the aggregate consideration for the acquisition of Platinum. For more details on our indebtedness, see “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Capital Resources” above and “Note 7. Debt and Credit Facilities” in the notes to our consolidated financial statements.

##### Reserve for Claims and Claim Expenses

Claims and claim expense reserves acquired in the acquisition of Platinum totaled \$1.4 billion at March 2, 2015 and consisted of \$117.4 million and \$1.3 billion included in our Catastrophe Reinsurance and Specialty Reinsurance segments, respectively, and are consolidated by RenaissanceRe. Because of the nature of the coverages that we provide, the amount and timing of the cash flows associated with our policy liabilities will fluctuate, perhaps significantly, and therefore are highly uncertain.

In certain circumstances, our contractual obligations may be accelerated to dates other than those set forth in our Form 10-K for the year ended December 31, 2014, due to defaults under the agreement governing those obligations (including pursuant to cross-default provisions in such agreement) or in connection with certain changes in control of the Company, if applicable. In addition, in connection with any such default under the agreement governing these obligations, in certain circumstances these obligations may bear an increased interest rate or be subject to penalties as a result of such a default.

## CURRENT OUTLOOK

## Acquisition of Platinum

On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. We believe that the acquisition of Platinum will benefit our combined companies' clients through, among other things, an expanded product offering and enhanced broker relationships. We also expect the acquisition to accelerate the growth of our U.S. specialty and casualty reinsurance platform. Taken together with our organic growth initiatives, the acquisition meaningfully increases 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. 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 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 catastrophic 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 during these periods in many high-insurance-penetration regions, in each of 2013 and 2014 the global insurance and reinsurance markets manifested growing, and ultimately record, levels of industry wide capital held. At the same time, reinsurance demand for many coverages and solutions did not grow 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 2015 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, loss impacted treaties and contracts. We believe these dynamics have continued through to the ongoing June 1 renewal season, only partially offset by capital return initiatives and modest new 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.

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; and while we will strive to maintain a high level of net portfolio quality, we cannot assure you that 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 who 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, or will be characterized by contractual terms and conditions, that we do not find to be acceptable, absent the advent of significant new developments. As a result of these developments, our Catastrophe Reinsurance segment gross premiums written for the three months ended March 31, 2015, decreased by \$78.5 million, or 16.8%, compared to the three months ended March 31, 2014. 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 that we will do so.





### 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 for the rest of 2015. Accordingly, we believe that the potential for overall improvement in risk adjusted rates prevailing in the market will be limited. We believe that prevailing terms and conditions in the casualty market are such that many programs and treaties do not meet our pricing standards. In addition, we believe 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. However, we intend to seek to maintain strong underwriting discipline and in light of prevailing market conditions cannot provide assurance that 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, duration and comprehensiveness of the economic recovery in the U.S., and the health 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 instability in the Middle East, Ukraine and Russia. 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. The continued uncertainty in respect of large developing jurisdictions and the related financial restructuring efforts, among other factors, makes it more difficult to predict the inflationary environment. 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 portfolio, 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.



### Market Conditions and Competition

Leading global intermediaries and other sources have generally reported that the U.S. casualty reinsurance market continues to reflect a softening pricing environment, though we believe that pockets of niche or specialty casualty lines may provide more attractive opportunities for stronger or well-positioned reinsurers. However, we cannot assure you that any increased demand will indeed materialize or that we will be successful in consummating new or expanded transactions.

We currently anticipate a continued level of slowly growing demand for our catastrophe coverages as a whole over coming periods, with select pockets of more rapidly growing demand, albeit more than offset by ample and likely increasing supplies of private market capital. 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. While we believe that our strong relationships, and track record of superior claims-paying ability and other client services will enable us to compete for the business we find attractive, we may not succeed in doing so; moreover, our relationships in emerging markets are not as developed as they are in our current core markets.

The market for our catastrophe reinsurance products is generally dynamic and volatile. The market dynamics noted above, increased or decreased catastrophe loss activity, and changes in the amount of capital in the industry can result in significant changes to the pricing, policy terms and demand for our catastrophe reinsurance products over a relatively short period of time. In addition, changes in state-sponsored catastrophe funds, or residual markets, or the implementation of new government-subsidized or sponsored programs, can dramatically alter market conditions. Increased understanding of the potential increase in frequency and severity of storms may contribute to increased demand for protection in respect of coastal risks which could impact pricing and terms and conditions in coastal areas over time. Overall, we expect higher property loss cost trends, driven by increased severity and by the potential for increased frequency, to continue in the future. At the same time, certain markets we target continue to be impacted by fundamental weakness experienced by primary insurers, due to ongoing economic weakness and, in many cases, inadequate primary insurance rate levels, including without limitation insurers operating on an admitted basis in Florida. These conditions, which occurred in a period characterized by relatively low insured catastrophic losses for these respective regions, have contributed in the past to certain publicly announced instances of insolvency, regulatory supervision and other regulatory actions, and have weakened the ability of certain carriers to invest in reinsurance and other protections for coming periods, and in some cases to meet their existing premium obligations. It is possible that these dynamics will continue in future periods.

In addition, we continue to explore potential strategic transactions or investments, such as our acquisition of Platinum, and other opportunities, from time to time that are presented to us or that we originate. In evaluating these potential investments and opportunities, we seek to improve the portfolio optimization of our business as a whole, to enhance our strategy, to achieve an attractive estimated return on equity in respect of investments, to develop or capitalize on a competitive advantage, and to source business opportunities that will not detract from our core operations. Our efforts to explore strategic transactions may not result in positive gains, or may not yield material contributions to our financial results or book value growth over time. Alternatively, strategic investments in which we engage to improve the optimization of our business, focus our operations on core or scalable business, or position us for future opportunities, may fail to be successfully executed, pose more operational risk than we estimate or otherwise not yield the financial or strategic benefits we seek. Should we pursue or consummate a strategic transaction, we may mis-value the acquired company or operations, fail to integrate the acquired operation appropriately into our own franchise, expend unforeseen costs during the acquisition or integration process, or encounter unanticipated risks or challenges.

### Legislative and Regulatory Update

In prior Congressional sessions, Congress has considered the Homeowners' Defense Act which would, if enacted, provide for 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. It is possible that new bills will be introduced this Congressional session to create a federal catastrophe reinsurance program to back up state insurance or reinsurance programs, or to establish other similar or analogous funding mechanisms or structures.

If enacted, any of these bills, or legislation similar to 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. While none of this legislation has been enacted to date, and although 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 it 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 2007, the State of Florida enacted legislation to expand the FHCF provision of below-market rate reinsurance to up to \$28.0 billion per season (the "2007 Florida Bill"). In May 2009, the Florida legislature enacted Bill No. CS/HB 1495 (the "2009 Bill"), which gradually phased out \$12.0 billion in optional reinsurance coverage under the FHCF over the succeeding five years. The 2009 Bill similarly allows the state-sponsored property insurer, Citizens, to raise its rates by up to 10% starting in 2010 and every year thereafter, until such time that it has sufficient funds to pay its claims and expenses. The rate increases and cut back on coverage by the FHCF and Citizens have supported, over this period, a relatively increased role of the private insurers in Florida, a market in which we have established substantial market share.

In May 2011, the Florida legislature passed Florida Senate bill 408 ("SB 408"), relating principally to property insurance. Among other things, SB 408 requires an increase in minimum capital and surplus for newly licensed Florida domestic insurers from \$5.0 million to \$15.0 million; institutes a three-year claims filing deadline for new and reopened claims from the date of a hurricane or windstorm; allows an insurer to offer coverage where replacement

cost value is paid, but initial payment is limited to actual cash value;

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allows admitted insurers to seek rate increases up to 15% to adjust for third party reinsurance costs; and institutes a range of reforms relating to various matters that have increased the costs of insuring sinkholes in Florida. We believe SB 408 and other reform initiatives have contributed to stabilization of the Florida market and have increased both private and market demand and affordability in the Florida market.

We believe the 2007 Florida Bill caused a substantial decline at that time in the private reinsurance and insurance markets in and relating to Florida, and contributed to instability in the Florida primary insurance market, where many insurers have reported substantial and continuing losses from 2009 through 2012, despite the period being an unusually low period for catastrophe losses in the state. Because of our position as one of the largest providers of catastrophe-exposed coverage, both on a global basis and in respect of the Florida market, adverse changes in the Florida market or to Florida primary insurance companies may have a disproportionate adverse impact on us compared to other reinsurance market participants. Moreover, the advent of a large windstorm, or of multiple smaller storms, could challenge the assessment-based claims-paying capacity of Citizens and the FHCF. For example, in several recent years, the FHCF Advisory Council approved official bonding capacity estimates that reflected a shortfall in respect of even an initial season or event. Any inability, or delay, in the claims-paying ability of these entities or of private market participants could further weaken or destabilize the Florida market, potentially giving rise to an unpredictable range of adverse impacts. The FHCF and the Florida Office of Insurance Regulation (the "OIR") have each estimated in the past that even partial failure, or deferral, of the FHCF's ability to pay claims in full could substantially weaken numerous private insurers, with the OIR having estimated that a 25% shortfall in the FHCF's claims-paying capacity could cause as many as 24 of the top 50 insurers in the state to have less than the statutory minimum surplus of \$5.0 million, with such insurers representing approximately 35% of the market based on premium volume, or approximately 2.2 million policies. Adverse market, regulatory or legislative changes impacting Florida could affect our ability to sell certain of our products, to collect premiums we may be owed on policies we have already written, to renew business with our customers for future periods, or have other adverse impacts, some of which may be difficult to foresee, and could therefore have a material adverse effect on our operations.

In May 2013, the Florida Legislature adopted legislation comprising some modest reforms of Citizens. Among other things, the legislation empowered Citizens to create a so-called "clearinghouse" mechanism with the intent of facilitating the transfer to admitted private market carriers of residential policies that might otherwise be bound by or remain in Citizens.

The "clearinghouse" mechanism contemplated by the May 2013 legislation commenced operation for proposed new Citizens business in 2014. The clearinghouse is also now operational in respect of a limited number of carriers for existing customers of Citizens, who thereafter may be renewed by a participating private insurance carrier approved by the state if that company offers comparable coverage at equal or less cost than the Citizens renewal rate. Proposed new customers of Citizens may be directed via the mechanism of the clearinghouse to an eligible private carrier if that company's estimate for comparable coverage is within 15% of a quote for a Citizens policy. The number of participating private carriers is expected to grow in coming periods. In April 2015, Florida's State Board of Administration (the "SBA") voted unanimously to authorize the FHCF to potentially purchase up to \$1.0 billion in private market reinsurance for the 2015 hurricane season. In addition, the FHCF was also authorized to purchase up to \$1.2 billion in pre-event notes. Taken together, if consummated these initiatives would increase the liquidity and capital resources of the FHCF by \$2.2 billion, and contribute to approximately \$17.0 billion of initial season capacity for the FHCF. In turn, should these transactions proceed, we believe the capital position and liquidity of the Florida domestic insurers who rely on the FHCF will be meaningfully bolstered.

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. 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. If these proposals are enacted and reduce market opportunities for our clients or for the reinsurance industry, we could be

adversely impacted.

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Over the past few years, 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 2010, 2011, 2012 and 2013, U.S. Senators Carl Levin and Sheldon Whitehouse introduced legislation in the U.S. Senate entitled the “Cut Unjustified Tax Loopholes Act”. Senator Levin is no longer a member of the Senate, but on January 13, 2015 Senator Whitehouse included similar legislation in the “Stop Tax Haven Abuse Act.” If enacted, this legislation would, among other things, cause to be treated as a U.S. corporation for U.S. tax purposes generally, certain corporate entities if the “management and control” of such a corporation is, directly or indirectly, treated as occurring primarily within the U.S. The proposed legislation provides that a corporation will be so treated if substantially all of the executive officers and senior management of the corporation who exercise day-to-day responsibility for making decisions involving strategic, financial, and operational policies of the corporation are located primarily within the U.S. To date, this legislation has not been approved by either the House of Representatives or the Senate. However, we can provide no assurance that this legislation or similar legislation will not ultimately be adopted. While we do not believe that the legislation would negatively impact us, it is possible that an adopted bill would include additional or expanded provisions which could negatively impact us, or that the interpretation or enforcement of the current proposal, if enacted, would be more expansive or adverse than we currently estimate.

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. We cannot predict with certainty the nature of these hearings, or the potential impact on us or the reinsurance market more broadly.

In January 2015, the Obama Administration released its proposed budget which included tax proposals. If adopted, these proposals would effect significant change to the U.S. taxation of international business and capital flows. Among other things, these proposals would impose a 19% minimum tax on non-U.S. income; impose a 14% one-time tax on previously untaxed non-U.S. income; disallow the deduction for certain reinsurance premiums paid to affiliates; and effect a number of changes to taxation under Subpart F of the Code. 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 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 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 this standard 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.” We are reviewing the proposed regulations and at this time cannot predict the likelihood of their finalization; the scope, nature, or impact of the proposed regulations on us, should they be formally adopted; and whether Congress will enact any new legislation relating to any of these proposals. 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 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. On July 24, 2013, the New York State Department of Financial Services (the “DFS”) issued an Insurance Circular Letter No. 6 (2013) (the “Circular”) to all Accredited Reinsurers writing business in New York State. Renaissance Reinsurance and DaVinci are Accredited Reinsurers in New York. As described in the Circular, the DFS is seeking information



concerning Accredited Reinsurers' compliance with the Iran

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Freedom and Counter-Proliferation Act of 2012 (the “IFCPA”), which was passed by the U.S. Congress in 2012 and which became effective on July 1, 2013. The Accredited Reinsurers to whom the Circular applies do business in New York and are all based outside the United States. The DFS is responsible for the regulation of insurers doing business in New York State. We intend to cooperate with the DFS in its request for information in this regard. We believe our existing risk-based compliance program is responsive to the IFCPA and we are not aware of any non-compliance with the IFCPA. While we believe that this request for information by the DFS will not have a material adverse impact on our operations, it is possible that our industry could see increased scrutiny and perhaps additional enforcement of sanction laws and regulations. We cannot assure you that increased enforcement of sanction laws and regulations will not impact our business more adversely than we currently estimate.

In 2008, the IRS issued a revenue ruling (the “2008 Revenue Ruling”) expressing a position that premiums covering U.S. risks paid by a foreign insurer or reinsurer to another foreign reinsurer are subject to a 1% insurance federal excise tax (“FET”). In essence, pursuant to the views expressed in the 2008 Revenue Ruling, FET should be imposed on a “cascading” basis, including to these reinsurance arrangements which are referred to in the industry as “retrocessions”, as the IRS took the view that all payments of premiums to foreign insurers or reinsurers in respect of the ultimate underlying risks are also subject to FET. In February 2014, the U.S. District Court for the District of Columbia held that FET does not apply to secondary reinsurance transactions covering U.S. risks between two foreign reinsurance companies. The decision, if upheld, effectively countermands the 2008 Revenue Ruling. Accordingly, it is possible that foreign reinsurance companies such as certain of our operating subsidiaries that have paid the “cascading” FET on retrocessions may in the future be eligible to file and receive refund claims. At this time, the IRS has appealed the decision, and we cannot predict the outcome of the appeal. It is also possible that in the future U.S. Congress may adversely amend the existing legislation or adopt new statutory language which would adversely affect us, the industry generally or our ceding clients in respect of excise tax liabilities.

#### 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. See our Form 10-K for the fiscal year ended December 31, 2014 for additional information related to our exposure to these risks. There are no material changes from the market risks previously disclosed in our Form 10-K for the year ended December 31, 2014.

#### ITEM 4. CONTROLS AND PROCEDURES

**Disclosure Controls and Internal Controls:** We have designed various disclosure controls and procedures (as defined in Rules 13a-15(e) and Rule 15d-15(e) under the Exchange Act), to help ensure that information required to be disclosed in our periodic Exchange Act reports, such as this quarterly report, is recorded, processed, summarized and reported on a timely and accurate basis. Our disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our senior management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

**Limitations on the Effectiveness of Controls:** Our Board of Directors and management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. Controls, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls are met. Further, we believe that the design of prudent controls must reflect appropriate resource constraints, such that the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all controls, there can be no absolute assurance that all control issues and instances of fraud, if any, applicable to us have been or will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some individuals, by collusion of more than one person, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

**Evaluation:** An evaluation was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based upon that evaluation, the Company's management, including our Chief Executive Officer and Chief Financial Officer, concluded that, at March 31, 2015, the Company's disclosure controls and procedures were effective at the reasonable assurance level in ensuring that information required to be disclosed in Company reports filed 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 management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Other than as noted below, there has been no change in the Company's internal control over financial reporting during the three months ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. On March 2, 2015, the Company completed the acquisition of Platinum, whose assets and liabilities constituted approximately 33% of the Company's total assets and approximately 40% of the Company's total liabilities at March 31, 2015. Platinum had an existing system of internal control over financial reporting in compliance with the Sarbanes-Oxley Act of 2002, the components of which were either maintained or integrated into our system of internal control over financial reporting during the quarter ended March 31, 2015.



## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

There are no material changes from the legal proceedings previously disclosed in our Form 10-K for the year ended December 31, 2014.

We and our 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 our business ventures. Our operating subsidiaries are subject to claims litigation involving, among other things, disputed interpretations of policy coverages. Generally, our direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than our 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 our subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in our loss and loss expense reserves which are discussed in its loss reserves discussion. In addition, we may from time to time engage in litigation or arbitration related to claims for payment in respect of ceded reinsurance, including disputes that challenge our ability to enforce our underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to us or not doing so on a timely basis. We 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, we believe that no individual litigation or arbitration to which we are presently a party is likely to have a material adverse effect on our financial condition, business or operations.

### ITEM 1A. RISK FACTORS

There are no material changes from the risk factors previously disclosed in our Form 10-K for the year ended December 31, 2014.

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

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 November 13, 2014, 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 resolution of RenaissanceRe's Board of Directors, the program will expire when the Company has 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 March 31, 2015, 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 repurchase program |                         | Dollar 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 |                        |                         |                        |                         |   |                         | \$ 500.0   |
| January 1 - 31, 2015                                | —                      | \$—                     | —                      | \$—                     | —   | \$—                     | —  |
| February 1 - 28, 2015                               | —                      | \$—                     | —                      | \$—                     | —   | \$—                     | —  |
| March 1 - 31, 2015                                  | 35,145                 | \$102.36                | 35,145                 | \$102.36                | —   | \$—                     | —  |
| Total   | 35,145                 | \$102.36                | 35,145                 | \$102.36                | —   | \$—                     | \$ 500.0   |

In the future, the Company may adopt additional trading plans or authorize purchase activities under the remaining authorization, which the Board may increase in the future. During the three months ended March 31, 2015, the Company did not repurchase any shares under its authorized share repurchase program. Subsequent to March 31, 2015 and through the period ended May 4, 2015, the Company repurchased 3 thousand common shares in open market transactions at an aggregate cost of \$0.3 million and at an average share price of \$99.91.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

- 4.1 Senior Indenture, dated as of March 24, 2015, among RenaissanceRe Finance Inc., as issuer, RenaissanceRe Holdings Ltd., as guarantor, and Deutsche Bank Trust Company Americas, as trustee (1).
- 4.2 First Supplemental Indenture, dated as of March 24, 2015, among RenaissanceRe Finance Inc., as issuer, RenaissanceRe Holdings Ltd., as guarantor, and Deutsche Bank Trust Company Americas, as trustee (1).
- 4.3 Senior Debt Securities Guarantee Agreement, dated as of March 24, 2015, between RenaissanceRe Holdings Ltd., as guarantor, and Deutsche Bank Trust Company Americas, as guarantee trustee (1).
- 4.4 Indenture, dated as of May 26, 2005, between Platinum Underwriters Holdings, Ltd., Platinum Underwriters Finance, Inc. and JP Morgan Chase (2).
- 4.5 Second Supplemental Indenture, dated as of November 2, 2005, among Platinum Underwriters Finance, Inc., Platinum Underwriters Holdings, Ltd. and JP Morgan Chase (3).
- 4.6 Third Supplemental Indenture, dated as of March 3, 2015, by and among Platinum Underwriters Finance, Inc., as issuer, Platinum Underwriters Holdings, Ltd., as guarantor, RenaissanceRe Holdings Ltd., as parent guarantor, and The Bank of New York Mellon, as trustee (4).
- 4.7 Guarantee, dated as of March 3, 2015, executed by RenaissanceRe for the benefit of the holders of Platinum Underwriters Finance, Inc.'s Series B 7.50% Notes due June 1, 2017 (4).
- 4.8 Exchange and Registration Rights Agreement, dated as of May 26, 2005, among Platinum Underwriters Holdings, Ltd., Platinum Underwriters Finance, Inc. and Goldman, Sachs & Co. (2).
- 10.1 Credit Agreement, dated as of February 25, 2015, by and between RenaissanceRe Holdings Ltd., as borrower, and Barclays Bank PLC, as lender (5).
- 10.2 Third Amended and Restated Credit Agreement, dated as of April 9, 2014, among Platinum Underwriters Holdings, Ltd., Platinum Underwriters Bermuda, Ltd., Platinum Underwriters Reinsurance, Inc., Platinum Underwriters Finance, Inc., the Lenders party thereto, ING Bank N.V. and National Australian Bank Limited, as Documentation Agents, U.S. Bank National Association, as Syndication Agent, and Wells Fargo Bank, National Association, as Administrative Agent (6).
- 10.3 Consent and Amendment to Credit Agreement, dated as of March 2, 2015, by and among Platinum Underwriters Holdings, Ltd., certain subsidiaries of Platinum Underwriters Holdings, Ltd. party thereto, Wells Fargo Bank, National Association, as administrative agent, and the Lenders party thereto (4).
- 10.4 Guaranty, dated as of March 2, 2015, entered into by RenaissanceRe Holdings Ltd. for the benefit of Wells Fargo Bank, National Association, as administrative agent, and the other Lenders referred to therein (4).
- 10.5 Amendment and Restatement Agreement, dated July 2, 2013, relating to a Facility Agreement dated July 31, 2012 for Platinum Underwriters Bermuda, Ltd. made between Platinum Underwriters Holdings, Ltd., Platinum Underwriters Bermuda, Ltd., National Australia Bank Limited and ING Bank N.V. (7).
- 10.6 Consent and Amendment to Facility Agreement, dated as of March 2, 2015, by and among Platinum Underwriters Bermuda, Ltd., Platinum Underwriters Holdings, Ltd., National Australia Bank Limited, as agent, security agent and a lender, and ING Bank, N.V., as a lender (4).
- 10.7 Guaranty, dated as of March 2, 2015, entered into by RenaissanceRe Holdings Ltd. for the benefit of National Australia Bank Limited, as agent, security agent and a lender, and ING Bank, N.V., as a lender (4).

- 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.DEF XBRL Taxonomy Extension Definition Linkbase Document
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- (1) Incorporated by reference to RenaissanceRe Holdings Ltd.'s Current Report on Form 8-K, filed with the Commission on March 25, 2015.
- (2) Incorporated by reference from Platinum Underwriters Holdings, Ltd.'s Current Report on Form 8-K, filed with the SEC on May 27, 2005.
- (3) Incorporated by reference from Platinum Underwriters Holdings, Ltd.'s Current Report on Form 8-K, filed with the SEC on November 3, 2005.
- (4) Incorporated by reference to RenaissanceRe Holdings Ltd.'s Current Report on Form 8-K, filed with the Commission on March 6, 2015.
- (5) Incorporated by reference to RenaissanceRe Holdings Ltd.'s Current Report on Form 8-K, filed with the Commission on March 2, 2015.
- (6) Incorporated by reference from Platinum Underwriters Holdings, Ltd.'s Current Report on Form 8-K filed with the SEC on April 10, 2014.
- (7) Incorporated by reference from Platinum Underwriters Holdings, Ltd.'s Current Report on Form 8-K filed with the SEC on July 3, 2013.



SIGNATURES

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

RENAISSANCERE HOLDINGS LTD.

| Signature                                | Title  | Date        |
|--|--|-------------|
| /s/ Jeffrey D. Kelly<br>Jeffrey D. Kelly | Executive Vice President, Chief Financial<br>Officer and Chief Operating Officer | May 6, 2015 |
| /s/ Mark A. Wilcox<br>Mark A. Wilcox     | Senior Vice President, Corporate Controller<br>and Chief Accounting Officer      | May 6, 2015 |