

RENAISSANCERE HOLDINGS LTD
Form 10-Q
October 31, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarterly Period Ended September 30, 2006

OR

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

For the transition period from _____ to _____

Commission File No. 34-0-26512

RENAISSANCERE HOLDINGS LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or Other Jurisdiction of
Incorporation or Organization)

98-014-1974
(I.R.S. Employer
Identification Number)

Renaissance House, 8-20 East Broadway, Pembroke HM 19 Bermuda
(Address of principal executive offices)

(441) 295-4513
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

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Large accelerated filer , Accelerated filer , Non-accelerated filer .

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

The number of outstanding shares of RenaissanceRe Holdings Ltd.'s common shares, par value US \$1.00 per share, as of October 23, 2006 was 72,137,122.

Total number of pages in this report: 63

RenaissanceRe Holdings Ltd.

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PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RenaissanceRe Holdings Ltd. and Subsidiaries
 Consolidated Balance Sheets
 (in thousands of United States Dollars)

	At	
	September 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets		
Fixed maturity investments available for sale, at fair value (Amortized cost \$3,137,682 and \$2,864,402 at September 30, 2006 and December 31, 2005, respectively)	\$ 3,176,045	\$ 2,872,294
Short term investments, at cost	1,841,330	1,653,618
Other investments, at fair value	559,256	586,467
Investments in other ventures, under equity method	195,787	178,774
Total investments	5,772,418	5,291,153
Cash and cash equivalents	245,817	174,001
Premiums receivable	623,869	363,105
Ceded reinsurance balances	232,439	57,134
Losses recoverable	394,335	673,190
Accrued investment income	38,437	25,808
Deferred acquisition costs	138,922	107,951
Other assets	93,320	178,919
Total assets	\$ 7,539,557	\$ 6,871,261
Liabilities, Minority Interest and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	\$ 2,155,213	\$ 2,614,551
Reserve for unearned premiums	900,133	501,744
Debt	410,000	500,000
Subordinated obligation to capital trust	103,093	103,093
Reinsurance balances payable	437,653	292,307
Other liabilities	123,827	142,815
Total liabilities	4,129,919	4,154,510
Minority Interest – DaVinciRe	612,431	462,911
Shareholders' Equity		
Preference shares	500,000	500,000
Common shares and additional paid-in capital	358,700	351,285
Accumulated other comprehensive income	25,472	4,760
Retained earnings	1,913,035	1,397,795
Total shareholders' equity	2,797,207	2,253,840
Total liabilities, minority interest, and shareholders' equity	\$ 7,539,557	\$ 6,871,261

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

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the three and nine months ended September 30, 2006 and 2005
(in thousands of United States Dollars, except per share amounts)
(Unaudited)

	Three months ended		Nine months ended	
	September	September	September	September
	30,	30,	30,	30,
	2006	2005	2006	2005
Revenues				
Gross premiums written	\$ 257,752	\$ 382,790	\$ 1,748,695	\$ 1,520,606
Net premiums written	\$ 162,695	\$ 290,124	\$ 1,372,774	\$ 1,293,806
Decrease (increase) in unearned premiums	204,381	58,224	(223,085)	(305,204)
Net premiums earned	367,076	348,348	1,149,689	988,602
Net investment income	80,427	61,142	234,873	158,126
Net foreign exchange (losses) gains	(2,160)	1,729	(1,578)	9,577
Equity in earnings of other ventures	10,131	7,623	25,904	22,988
Other income (loss)	2,006	(1,256)	243	(1,566)
Net realized gains (losses) on investments	4,151	5,192	(36,953)	(3,414)
Total revenues	461,631	422,778	1,372,178	1,174,313
Expenses				
Net claims and claim expenses incurred	42,436	662,729	348,950	973,176
Acquisition expenses	63,998	65,955	207,409	163,037
Operational expenses	27,364	22,859	77,351	65,079
Corporate expenses	5,121	21,815	16,431	41,848
Interest expense	9,492	6,936	29,163	20,508
Total expenses	148,411	780,294	679,304	1,263,648
Income (loss) before minority interest and taxes	313,220	(357,516)	692,874	(89,335)
Minority interest – DaVinciRe	52,830	(78,978)	105,494	(44,311)
Income (loss) before taxes	260,390	(278,538)	587,380	(45,024)
Income tax expense	(616)	—	(893)	—
Net income (loss)	259,774	(278,538)	586,487	(45,024)
Dividends on preference shares	8,662	8,758	25,987	25,987
Net income (loss) available (attributable) to common shareholders	\$ 251,112	\$ (287,296)	\$ 560,500	\$ (71,011)
Net income (loss) available (attributable) to common shareholders per Common Share – basic	\$ 3.53	\$ (4.07)	\$ 7.89	\$ (1.01)

Net income (loss) available (attributable) to common shareholders per Common Share					
– diluted	\$ 3.48	\$ (4.07)	\$ 7.79	\$ (1.01)	
Dividends declared per common share	\$ 0.21	\$ 0.20	\$ 0.63	\$ 0.60	

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

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2006 and 2005
(in thousands of United States Dollars)
(Unaudited)

	Nine months ended	
	September 30, 2006	September 30, 2005
Preference shares	\$ 500,000	\$ 500,000
Common stock and additional paid-in capital		
Balance – January 1	351,285	328,896
Exercise of options and issuance of restricted stock awards	7,415	11,636
Repurchase of shares	—	(721)
Balance – September 30	358,700	339,811
Accumulated other comprehensive income		
Balance – January 1	4,760	78,960
Net unrealized gains (losses) on securities, net of adjustment (see disclosure below)	20,712	(50,578)
Balance – September 30	25,472	28,382
Retained earnings		
Balance – January 1	1,397,795	1,736,186
Net income (loss)	586,487	(45,024)
Dividends on Common Shares	(45,260)	(42,675)
Dividends on Preference Shares	(25,987)	(25,987)
Balance – September 30	1,913,035	1,622,500
Total Shareholders' Equity	\$ 2,797,207	\$ 2,490,693
Comprehensive income (1)		
Net income (loss)	\$ 586,487	\$ (45,024)
Other comprehensive gain (loss)	20,712	(50,578)
Comprehensive income (loss)	\$ 607,199	\$ (95,602)
Disclosure regarding net unrealized gains (losses)		
Net unrealized holding losses arising during period	\$ (16,241)	\$ (53,992)
Net realized losses included in net income (loss)	36,953	3,414
Change in net unrealized gains (losses) on securities	\$ 20,712	\$ (50,578)

(1)For the three months ended September 30, 2006 and 2005, the Company generated comprehensive income of \$280.3 million and a comprehensive loss of \$311.5 million, respectively.