

RENAISSANCERE HOLDINGS LTD

Form 10-Q

August 02, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

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 July 30, 2012 was 50,537,049.

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, except per share amounts)

	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
Assets		
Fixed maturity investments trading, at fair value (Amortized cost \$4,890,251 and \$4,265,929 at June 30, 2012 and December 31, 2011, respectively)	\$4,948,955	\$4,291,465
Fixed maturity investments available for sale, at fair value (Amortized cost \$96,647 and \$130,669 at June 30, 2012 and December 31, 2011, respectively)	108,102	142,052
Short term investments, at fair value	654,912	905,477
Equity investments trading, at fair value	55,381	50,560
Other investments, at fair value	743,568	748,984
Investments in other ventures, under equity method	79,692	70,714
Total investments	6,590,610	6,209,252
Cash and cash equivalents	264,232	216,984
Premiums receivable	971,546	471,878
Prepaid reinsurance premiums	278,242	58,522
Reinsurance recoverable	198,777	404,029
Accrued investment income	35,938	33,523
Deferred acquisition costs	106,027	43,721
Receivable for investments sold	311,658	117,117
Other assets	193,798	180,992
Goodwill and other intangible assets	8,690	8,894
Total assets	\$8,959,518	\$7,744,912
Liabilities, Noncontrolling Interests and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	\$1,801,247	\$1,992,354
Unearned premiums	964,499	347,655
Debt	354,293	353,620
Reinsurance balances payable	396,669	256,883
Payable for investments purchased	519,619	303,264
Other liabilities	173,433	211,369
Liabilities of discontinued operations held for sale	1,959	13,507
Total liabilities	4,211,719	3,478,652
Commitments and Contingencies		
Redeemable noncontrolling interest – DaVinciRe	900,878	657,727
Shareholders' Equity		
Preference Shares: \$1.00 par value – 22,000,000 shares issued and outstanding at June 30, 2012 (December 31, 2011 – 22,000,000)	550,000	550,000
Common shares: \$1.00 par value – 50,608,641 shares issued and outstanding at June 30, 2012 (December 31, 2011 – 51,542,955)	50,609	51,543
Accumulated other comprehensive income	12,531	11,760
Retained earnings	3,229,870	2,991,890

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Total shareholders' equity attributable to RenaissanceRe	3,843,010	3,605,193
Noncontrolling interest	3,911	3,340
Total shareholders' equity	3,846,921	3,608,533
Total liabilities, noncontrolling interests and shareholders' equity	\$8,959,518	\$7,744,912
See accompanying notes to the consolidated financial statements		

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Operations

For the three and six months ended June 30, 2012 and 2011

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

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2012	2011	2012	2011
Revenues				
Gross premiums written	\$667,336	\$641,563	\$1,331,487	\$1,252,068
Net premiums written	\$427,630	\$427,995	\$920,205	\$880,570
Increase in unearned premiums	(183,214)	(210,820)	(397,124)	(357,854)
Net premiums earned	244,416	217,175	523,081	522,716
Net investment income	14,743	33,328	81,714	93,609
Net foreign exchange gains (losses)	2,410	(4,521)	950	(3,861)
Equity in earnings (losses) of other ventures	6,846	5,128	12,316	(18,625)
Other income (loss)	11,289	(5,167)	(27,805)	44,978
Net realized and unrealized gains on investments	31,003	34,979	77,116	29,765
Total other-than-temporary impairments	(234)	—	(395)	—
Portion recognized in other comprehensive income, before taxes	25	—	52	—
Net other-than-temporary impairments	(209)	—	(343)	—
Total revenues	310,498	280,922	667,029	668,582
Expenses				
Net claims and claim expenses incurred	49,551	151,261	65,103	779,798
Acquisition expenses	25,608	13,883	49,719	46,218
Operational expenses	41,407	42,299	83,790	84,129
Corporate expenses	4,067	4,011	8,878	6,075
Interest expense	5,716	5,730	11,434	11,925
Total expenses	126,349	217,184	218,924	928,145
Income (loss) from continuing operations before taxes	184,149	63,738	448,105	(259,563)
Income tax (expense) benefit	(898)	1,773	(861)	1,825
Income (loss) from continuing operations	183,251	65,511	447,244	(257,738)
Income (loss) from discontinued operations	1,393	(10,094)	1,220	(11,620)
Net income (loss)	184,644	55,417	448,464	(269,358)
Net (income) loss attributable to noncontrolling interests	(33,624)	(21,903)	(87,265)	63,589
Net income (loss) attributable to RenaissanceRe	151,020	33,514	361,199	(205,769)
Dividends on preference shares	(8,750)	(8,750)	(17,500)	(17,500)
Net income (loss) available (attributable) to RenaissanceRe common shareholders	\$142,270	\$24,764	\$343,699	\$(223,269)
Income (loss) from continuing operations available (attributable) to RenaissanceRe common shareholders per common share – basic	\$2.75	\$0.68	\$6.70	\$(4.16)
Income (loss) from discontinued operations available (attributable) to RenaissanceRe common shareholders per common share – basic	0.03	(0.20)	0.02	(0.23)
Net income (loss) available (attributable) to RenaissanceRe common shareholders per common share – basic	\$2.78	\$0.48	\$6.72	\$(4.39)

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Income (loss) from continuing operations available (attributable) to RenaissanceRe common shareholders per common share – diluted	\$2.72	\$0.68	\$6.61	\$(4.16))
Income (loss) from discontinued operations available (attributable) to RenaissanceRe common shareholders per common share – diluted	0.03	(0.20) 0.02	(0.23)
Net income (loss) available (attributable) to RenaissanceRe common shareholders per common share – diluted	\$2.75	\$0.48	\$6.63	\$(4.39))
Dividends per common share	\$0.27	\$0.26	\$0.54	\$0.52	
See accompanying notes to the consolidated financial statements					

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
For the three and six months ended June 30, 2012 and 2011
(in thousands of United States Dollars) (Unaudited)

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Comprehensive income (loss)				
Net income (loss)	\$ 184,644	\$ 55,417	\$ 448,464	\$ (269,358)
Change in net unrealized gains on investments	(432)	(1,817)	823	(1,798)
Portion of other-than-temporary impairments recognized in other comprehensive income (loss)	(25)	—	(52)	—
Comprehensive income (loss)	184,187	53,600	449,235	(271,156)
Net (income) loss attributable to noncontrolling interests	(33,624)	(21,903)	(87,265)	63,589
Change in net unrealized gains on fixed maturity investments available for sale attributable to noncontrolling interests	—	3	—	6
Comprehensive (income) loss attributable to noncontrolling interests	(33,624)	(21,900)	(87,265)	63,595
Comprehensive income (loss) attributable to RenaissanceRe	\$ 150,563	\$ 31,700	\$ 361,970	\$ (207,561)
Disclosure regarding net unrealized gains				
Total realized and net unrealized holding gains on investments and net other-than-temporary impairments	\$ 105	\$ 1,292	\$ 2,529	\$ 902
Net realized gains on fixed maturity investments available for sale	(746)	(3,106)	(2,049)	(2,694)
Net other-than-temporary impairments recognized in earnings	209	—	343	—
Change in net unrealized gains on investments	\$(432)	\$(1,814)	\$ 823	\$(1,792)

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
 Consolidated Statements of Changes in Shareholders' Equity
 For the six months ended June 30, 2012 and 2011
 (in thousands of United States Dollars) (Unaudited)

	Six months ended	
	June 30, 2012	June 30, 2011
Preference shares		
Balance – January 1	\$550,000	\$550,000
Balance – June 30	550,000	550,000
Common shares		