RENAISSANCERE HOLDINGS LTD
Form 10-Q
August 01, 2013

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, 2013
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 Incorporation or Organization)	(I.R.S. Employer 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, 2013 was 44,606,311.

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Balance Sheets
(in thousands of United States Dollars, except per share amounts)

	June 30, 2013	December 31, 2012
Assets	(Unaudited)	(Audited)
Fixed maturity investments trading, at fair value (Amortized cost $4,388,031 and $4,554,362 at June 30, 2013 and December 31, 2012, respectively)	$4,371,306	$4,665,421
Fixed maturity investments available for sale, at fair value (Amortized cost $36,094 and $71,445 at June 30, 2013 and December 31, 2012, respectively)	40,785	83,442
Short term investments, at fair value	924,843	821,163
Equity investments trading, at fair value	108,620	58,186
Other investments, at fair value	630,606	644,711
Investments in other ventures, under equity method	93,049	87,724
Total investments	6,169,209	6,360,647
Cash and cash equivalents	285,594	325,358
Premiums receivable	954,142	491,365
Prepaid reinsurance premiums	214,804	77,082
Reinsurance recoverable	175,103	192,512
Accrued investment income	26,658	33,478
Deferred acquisition costs	125,682	52,622
Receivable for investments sold	311,783	168,673
Other assets	196,126	218,405
Goodwill and other intangible assets	8,282	8,486
Total assets	$8,467,383	$7,928,628
Liabilities, Noncontrolling Interests and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	$1,710,408	$1,879,377
Unearned premiums	970,017	399,517
Debt	250,411	351,775
Reinsurance balances payable	387,425	290,419
Payable for investments purchased	463,923	278,787
Other liabilities	216,086	253,438
Total liabilities	3,998,270	3,453,313
Commitments and Contingencies		
Redeemable noncontrolling interest	897,123	968,259
Shareholders' Equity		
Preference Shares: $1.00 par value – 16,000,000 shares issued and outstanding at June 30, 2013 (December 31, 2012 – 16,000,000)	400,000	400,000
Common shares: $1.00 par value – 44,385,324 shares issued and outstanding at June 30, 2013 (December 31, 2012 – 45,542,203)	44,385	45,542
Accumulated other comprehensive income	4,909	13,622
Retained earnings	3,119,003	3,043,901
Total shareholders' equity attributable to RenaissanceRe	3,568,297	3,503,065
Noncontrolling interest	3,693	3,991

Total shareholders’ equity	3,571,990	3,507,056
Total liabilities, noncontrolling interests and shareholders’ equity	$8,467,383	$7,928,628

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the three and six months ended June 30, 2013 and 2012
(in thousands of United States Dollars, except per share amounts) (Unaudited)

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenues				
Gross premiums written	$703,223	$667,336	$1,338,641	$1,331,487
Net premiums written	$559,109	$427,630	$995,922	$920,205
Increase in unearned premiums	(267,220)	(183,214)	(432,778)	(397,124)
Net premiums earned	291,889	244,416	563,144	523,081
Net investment income	27,324	17,673	70,518	83,149
Net foreign exchange (losses) gains	(1,085)	2,410	671	950
Equity in earnings of other ventures	3,772	6,846	9,607	12,316
Other income (loss)	631	11,289	7,635	(27,805)
Net realized and unrealized (losses) gains on investments	(69,544)	28,073	(55,273)	75,681
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	252,987	310,498	596,302	667,029
Expenses				
Net claims and claim expenses incurred	103,962	49,551	131,213	65,103
Acquisition expenses	31,767	25,608	56,776	49,719
Operational expenses	42,819	41,407	88,833	83,790
Corporate expenses	21,588	4,067	26,117	8,878
Interest expense	4,300	5,716	9,334	11,434
Total expenses	204,436	126,349	312,273	218,924
Income from continuing operations before taxes	48,551	184,149	284,029	448,105
Income tax expense	(247)	(898)	(369)	(861)
Income from continuing operations	48,304	183,251	283,660	447,244
Income from discontinued operations	—	1,393	—	1,220
Net income	48,304	184,644	283,660	448,464
Net income attributable to noncontrolling interests	(14,015)	(33,624)	(52,622)	(87,265)
Net income attributable to RenaissanceRe	34,289	151,020	231,038	361,199
Dividends on preference shares	(7,483)	(8,750)	(13,758)	(17,500)
Net income available to RenaissanceRe common shareholders	$26,806	$142,270	$217,280	$343,699
Income from continuing operations available to RenaissanceRe common shareholders per common share – basic	$0.61	$2.75	$4.93	$6.70
Income from discontinued operations available to RenaissanceRe common shareholders per common share – basic	—	0.03	—	0.02
Net income available to RenaissanceRe common shareholders per common share – basic	$0.61	$2.78	$4.93	$6.72
Income from continuing operations available to RenaissanceRe common shareholders per common	$0.60	$2.72	$4.83	$6.61

share – diluted				
Income from discontinued operations available to RenaissanceRe common shareholders per common share – diluted	—	0.03	—	0.02
Net income available to RenaissanceRe common shareholders per common share – diluted	$0.60	$2.75	$4.83	$6.63
Dividends per common share	$0.28	$0.27	$0.56	$0.54

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three and six months ended June 30, 2013 and 2012
(in thousands of United States Dollars) (Unaudited)

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Comprehensive income				
Net income	$48,304	$184,644	$283,660	$448,464
Change in net unrealized gains on investments	(1,141)	(432)	(8,713)	823
Portion of other-than-temporary impairments recognized in other comprehensive income	—	(25)	—	(52)
Comprehensive income	47,163	184,187	274,947	449,235
Net income attributable to noncontrolling interests	(14,015)	(33,624)	(52,622)	(87,265)
Comprehensive income attributable to noncontrolling interests	(14,015)	(33,624)	(52,622)	(87,265)
Comprehensive income attributable to RenaissanceRe	$33,148	$150,563	$222,325	$361,970
Disclosure regarding net unrealized gains				
Total realized and net unrealized holding gains (losses) on investments and net other-than-temporary impairments	$178	$105	$(1,533)	$2,529
Net realized gains on fixed maturity investments available for sale	(1,319)	(746)	(7,180)	(2,049)
Net other-than-temporary impairments recognized in earnings	—	209	—	343
Change in net unrealized gains on investments	$(1,141)	$(432)	$(8,713)	$823

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, 2013 and 2012
(in thousands of United States Dollars) (Unaudited)

	Six months ended	
	June 30, 2013	June 30, 2012
Preference shares		
Balance – January 1	$400,000	$550,000
Issuance of shares	275,000	—
Repurchase of shares	(275,000)	—
Balance – June 30	400,000	550,000
Common shares		
Balance – January 1	45,542	51,543
Repurchase of shares	(1,498)	(1,229)
Exercise of options and issuance of restricted stock awards	341	295
Balance – June 30	44,385	50,609
Additional paid-in capital		
Balance – January 1	—	—
Repurchase of shares	(2,978)	(12,350)
Offering expenses	(9,345)	—
Change in noncontrolling interests	499	7,056
Exercise of options and issuance of restricted stock awards	11,824	5,294
Balance – June 30	—	—
Accumulated other comprehensive income		
Balance – January 1	13,622	11,760
Change in net unrealized gains on investments	(8,713)	823
Portion of other-than-temporary impairments recognized in other comprehensive income	—	(52)
Balance – June 30	4,909	12,531
Retained earnings		
Balance – January 1	3,043,901	2,991,890
Net income	283,660	448,464
Net income attributable to noncontrolling interests	(52,622)	(87,265)
Repurchase of shares	(117,520)	(78,046)
Dividends on common shares	(24,658)	(27,673)
Dividends on preference shares	(13,758)	(17,500)
Balance – June 30	3,119,003	3,229,870
Noncontrolling interest	3,693	3,911
Total shareholders' equity	$3,571,990	$3,846,921

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 2013 and 2012
(in thousands of United States Dollars) (Unaudited)

	Six months ended June 30, 2013	June 30, 2012
Cash flows provided by operating activities		
Net income	$283,660	$448,464
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization, accretion and depreciation	26,721	28,785
Equity in undistributed earnings of other ventures	(6,468)	(8,868)
Net realized and unrealized losses (gains) on investments	55,273	(75,681)
Net other-than-temporary impairments	—	343
Net unrealized gains included in net investment income	(10,959)	(21,935)
Net unrealized losses (gains) included in other income (loss)	11,206	(2,987)
Change in:		
Premiums receivable	(462,777)	(499,668)
Prepaid reinsurance premiums	(137,722)	(219,720)
Reinsurance recoverable	17,409	205,252
Deferred acquisition costs	(73,060)	(62,306)
Reserve for claims and claim expenses	(168,969)	(191,107)
Unearned premiums	570,500	616,844
Reinsurance balances payable	97,006	139,786
Other	(24,401)	(53,425)
Net cash provided by operating activities	177,419	303,777
Cash flows provided by (used in) investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	4,448,449	4,792,702
Purchases of fixed maturity investments trading	(4,225,188)	(5,312,902)
Proceeds from sales and maturities of fixed maturity investments available for sale	41,338	37,530
Net purchases of equity investments trading	(35,958)	—
Net (purchases) sales of short term investments	(110,562)	183,605
Net sales of other investments	42,935	18,681
Net purchases of investments in other ventures	(2,500)	—
Net sales (purchases) of other assets	598	(166)
Net cash provided by (used in) investing activities	159,112	(280,550)
Cash flows (used in) provided by financing activities		
Dividends paid – RenaissanceRe common shares	(24,658)	(27,673)
Dividends paid – preference shares	(13,758)	(17,500)
RenaissanceRe common share repurchases	(121,996)	(90,111)
Net repayment of debt	(101,410)	—
Redemption of 6.08% Series C preference shares	(125,000)	—
Redemption of 6.60% Series D preference shares	(150,000)	—
Issuance of 5.375% Series E preference shares, net of expenses	265,655	—
Net third party DaVinciRe share transactions	(113,633)	160,864
Third party investment in redeemable noncontrolling interest	8,000	—
Net cash (used in) provided by financing activities	(376,800)	25,580
Effect of exchange rate changes on foreign currency cash	505	(1,559)
Net (decrease) increase in cash and cash equivalents	(39,764)	47,248

Cash and cash equivalents, beginning of period	325,358	216,984
Cash and cash equivalents, end of period	$285,594	$264,232

See accompanying notes to the consolidated financial statements

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013
(unless otherwise noted, amounts in tables expressed in thousands of United States ("U.S.") dollars, except 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 for the fiscal year ended December 31, 2012.

RenaissanceRe Holdings Ltd. ("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.

- 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., formerly known as Glencoe Insurance Ltd. ("RenaissanceRe Specialty Risks"), is a Bermuda domiciled excess and surplus lines insurance company that is currently eligible to do business on an excess and surplus lines basis in 49 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. 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., a Bermuda-domiciled reinsurer launched in June 2013 which operates subject to U.S. federal income tax, and RenaissanceRe Syndicate 1458.
- The Company, principally through Renaissance Trading Ltd. ("Renaissance Trading") and RenRe Energy Advisors Ltd. ("REAL"), offers certain derivative-based risk management products primarily to address weather and energy risk and engages in hedging and trading activities related to those transactions.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to our significant accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2012.

BASIS OF PRESENTATION

The 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 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 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The major estimates reflected in the Company's consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses; reinsurance recoverables, including allowances for reinsurance recoverables deemed uncollectible; estimates of written and earned premiums; fair value, including the fair value of investments, financial instruments and derivatives; impairment charges and the Company's deferred tax valuation allowance.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Disclosures About Offsetting Assets and Liabilities

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2011-11, Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11"). The objective of ASU 2011-11 is to enhance disclosures by requiring improved information about financial instruments and derivative instruments in relation to netting arrangements. ASU 2011-11 became effective for interim and annual periods beginning on or after January 1, 2013, with retrospective presentation of the new disclosure required. The Company adopted ASU 2011-11 effective January 1, 2013; since this update is disclosure-related only, the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

In January 2013, the FASB issued ASU No. 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities ("ASU 2013-01"). The guidance clarified that the disclosures in ASU 2011-11 would apply only to derivatives, repurchase and reverse repurchase agreements, and securities borrowing and securities lending transactions, each to the extent that they met specific conditions provided in the initial accounting standard. ASU 2013-01 became effective for interim and annual periods beginning on or after January 1, 2013, with retrospective presentation of the new disclosure required. As this guidance is disclosure-related only, the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

Testing Indefinite-Lived Intangible Assets for Impairment

In July 2012, the FASB issued ASU No. 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment ("ASU 2012-02"). ASU 2012-02 simplifies the guidance for testing the decline in the realizable value of indefinite-lived intangible assets other than goodwill. ASU 2012-02 allows an organization the option to first assess the qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is “more likely than not” that the asset is impaired. ASU 2012-02 became effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption was permitted. The Company adopted ASU 2012-02 effective January 1, 2013 and the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income ("ASU 2013-02"). The objective of ASU 2013-02 is to improve the reporting of classifications out of accumulated other comprehensive income by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional details about those amounts. ASU 2013-02 became effective for interim and annual reporting periods beginning after December 15, 2012. The Company prospectively adopted ASU 2013-02 effective January 1, 2013; since this update is disclosure-related only, the adoption of this guidance did not have a material impact on the Company's consolidated statements of operations and financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists ("ASU 2013-11"). The objective of ASU 2013-11 is to improve the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. ASU 2013-11 seeks to reduce the diversity in practice by providing guidance on the presentation of unrecognized tax benefits to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. ASU 2013-11 is effective for annual and interim reporting periods beginning after December 15, 2013, with both early adoption and retrospective application permitted. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

NOTE 3. INVESTMENTS

Fixed Maturity Investments Trading

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

	June 30, 2013	December 31, 2012
U.S. treasuries	$1,200,408	$1,259,800
Agencies	227,017	315,154
Non-U.S. government (Sovereign debt)	265,033	133,198
Non-U.S. government-backed corporate	238,254	349,514
Corporate	1,497,411	1,607,233
Agency mortgage-backed	429,155	399,619
Non-agency mortgage-backed	217,824	230,747
Commercial mortgage-backed	287,298	361,645
Asset-backed	8,906	8,511
Total fixed maturity investments trading	$4,371,306	$4,665,421

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:

		Included in Accumulated Other Comprehensive Income			
June 30, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Corporate	$2,847	$370	$(52)	$3,165	$(62)
Agency mortgage-backed	5,689	395	(6)	6,078	—
Non-agency mortgage-backed	13,073	2,580	(9)	15,644	(787)
Commercial mortgage-backed	10,568	1,130	—	11,698	—
Asset-backed	3,917	283	—	4,200	—
Total fixed maturity investments available for sale	$36,094	$4,758	$(67)	$40,785	$(849)

		Included in Accumulated Other Comprehensive Income			
December 31, 2012	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Corporate	$7,065	$1,002	$(93)	$7,974	$(85)
Agency mortgage-backed	8,280	632	—	8,912	—
Non-agency mortgage-backed	14,613	2,989	(10)	17,592	(835)
Commercial mortgage-backed	37,292	7,229	—	44,521	—
Asset-backed	4,195	248	—	4,443	—

Total fixed maturity investments available for sale	$71,445	$12,100	$(103)	$83,442	$(920)

(1) Represents the non-credit component of other-than-temporary impairments recognized in accumulated other comprehensive income since the adoption of guidance related to the recognition and presentation of other-than-temporary impairments under FASB ASC Topic Financial Instruments – Debt and Equity Securities, during the second quarter of 2009, adjusted for subsequent sales of securities. It does not include the change in fair value subsequent to the impairment measurement date.

Contractual maturities of fixed maturity investments are as follows. 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.

	Trading		Available for Sale		Total Fixed Maturity Investments	
June 30, 2013	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$202,283	$200,706	$—	$—	$202,283	$200,706
Due after one through five years	2,597,123	2,582,090	1,660	1,839	2,598,783	2,583,929
Due after five through ten years	541,365	530,047	647	677	542,012	530,724
Due after ten years	110,405	115,280	539	649	110,944	115,929
Mortgage-backed	928,169	934,277	29,329	33,420	957,498	967,697
Asset-backed	8,686	8,906	3,919	4,200	12,605	13,106
Total	$4,388,031	$4,371,306	$36,094	$40,785	$4,424,125	$4,412,091

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

	June 30, 2013	December 31, 2012
Consumer	$37,946	$—
Financials	20,034	58,186
Industrial, utilities and energy	22,399	—
Basic materials	11,477	—
Health care	13,199	—
Communications and technology	3,565	—
Total	$108,620	$58,186

Pledged Investments
At June 30, 2013, $1,653.7 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 principal letter of credit facility. Of this amount, $644.3 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities.
Reverse Repurchase Agreements
At June 30, 2013, the Company held $122.5 million (December 31, 2012 - $74.8 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 rate 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 June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Fixed maturity investments	$22,842	$25,366	$46,731	$50,204
Short term investments	374	234	692	734
Equity investments	344	181	344	351
Other investments				
Hedge funds and private equity investments	2,237	(10,413)	17,117	18,060
Other	4,354	4,975	11,349	19,145
Cash and cash equivalents	9	54	61	80
	30,160	20,397	76,294	88,574
Investment expenses	(2,836)	(2,724)	(5,776)	(5,425)
Net investment income	$27,324	$17,673	$70,518	$83,149

Net realized and unrealized gains on investments and net other-than-temporary impairments are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Gross realized gains	$17,548	$19,458	$51,628	$55,744
Gross realized losses	(14,601)	(3,294)	(19,155)	(10,244)
Net realized gains on fixed maturity investments	2,947	16,164	32,473	45,500
Net unrealized (losses) gains on fixed maturity investments trading	(95,695)	12,538	(118,760)	26,795
Net realized and unrealized gains (losses) on investments-related derivatives	20,510	(2,930)	20,931	(1,435)
Net realized gains on equity investments trading	74	—	17,635	—
Net unrealized gains (losses) on equity investments trading	2,620	2,301	(7,552)	4,821
Net realized and unrealized (losses) gains on investments	$(69,544)	$28,073	$(55,273)	$75,681
Total other-than-temporary impairments	$—	$(234)	$—	$(395)
Portion recognized in other comprehensive income, before taxes	—	25	—	52
Net other-than-temporary impairments	$—	$(209)	$—	$(343)

The following table provides an analysis of the components of other comprehensive income and reclassifications out of accumulated other comprehensive income.

	Three months ended June 30, 2013		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$120	$5,930	$6,050
Other comprehensive income before reclassifications	98	80	178
Amounts reclassified from accumulated other comprehensive income by statement of operations line item:			
Realized losses reclassified from accumulated other comprehensive income to net realized and unrealized (losses) gains on investments	—	(1,319)	(1,319)
Net current-period other comprehensive income (loss)	98	(1,239)	(1,141)
Ending balance	$218	$4,691	$4,909

	Six months ended June 30, 2013		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$1,625	$11,997	$13,622
Other comprehensive loss before reclassifications	(1,407)	(126)	(1,533)
Amounts reclassified from accumulated other comprehensive income by statement of operations line item:			
Realized losses reclassified from accumulated other comprehensive income to net realized and unrealized (losses) gains on investments	—	(7,180)	(7,180)
Net current-period other comprehensive loss	(1,407)	(7,306)	(8,713)
Ending balance	$218	$4,691	$4,909

The following table provides 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.

	Less than 12 Months		12 Months or Greater		Total	
At June 30, 2013	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate	$277	$(12)	$83	$(40)	$360	$(52)
Agency mortgage-backed	807	(6)	—	—	807	(6)
Non-agency mortgage-backed	—	—	98	(9)	98	(9)
Total	$1,084	$(18)	$181	$(49)	$1,265	$(67)

	Less than 12 Months		12 Months or Greater		Total	
At December 31, 2012	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

Corporate	$598	$(30)	$440	$(63)	$1,038	$(93)
Non-agency mortgage-backed	—	—	101	(10)	101	(10)
Total	$598	$(30)	$541	$(73)	$1,139	$(103)

At June 30, 2013, the Company held nine fixed maturity investments available for sale securities that were in an unrealized loss position (December 31, 2012 - 28), including six fixed maturity investments available for sale securities that were in an unrealized loss position for twelve months or greater (December 31, 2012 - 11). 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 six months ended June 30, 2013 and 2012, 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 are less than the amortized cost basis of the security.

In assessing the Company’s intent to sell securities, the Company’s procedures may include actions such as discussing planned sales with its third party investment managers, reviewing sales that have occurred shortly after the balance sheet date, and consideration of other qualitative factors that may be indicative of the Company’s intent to sell or hold the relevant securities. For the six months ended June 30, 2013, the Company recognized $Nil other-than-temporary impairments due to the Company’s intent to sell these securities as of June 30, 2013 (2012 – $Nil).

In assessing whether it is more likely than not that the Company will be required to sell a security before its anticipated recovery, the Company considers various factors including its future cash flow forecasts and requirements, legal and regulatory requirements, the level of its cash, cash equivalents, short term investments, fixed maturity investments trading and fixed maturity investments available for sale in an unrealized gain position, and other relevant factors. For the six months ended June 30, 2013, the Company recognized $Nil of other-than-temporary impairments due to required sales (2012 – $Nil).

In evaluating credit losses, the Company considers a variety of factors in the assessment of a security including: (i) the time period during which there has been a significant decline below cost; (ii) the extent of the decline below cost and par; (iii) the potential for the security to recover in value; (iv) an analysis of the financial condition of the issuer; (v) the rating of the issuer; (vi) the implied rating of the issuer based on an analysis of option adjusted spreads; (vii) the absolute level of the option adjusted spread for the issuer; and (viii) an analysis of the collateral structure and credit support of the security, if applicable.

Once the Company determines that it is possible that a credit loss may exist for a security, the Company performs a detailed review of the cash flows expected to be collected from the issuer. The Company estimates expected cash flows by applying estimated default probabilities and recovery rates to the contractual cash flows of the issuer, with such default and recovery rates reflecting long-term historical averages adjusted to reflect current credit, economic and market conditions, giving due consideration to collateral and credit support, if applicable, and discounting the expected cash flows at the purchase yield on the security. In instances in which a determination is made that an impairment exists but the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before the anticipated recovery of its remaining amortized cost basis, the impairment is separated into: (i) the amount of the total other-than-temporary impairment related to the credit loss; and (ii) the amount of the total other-than-temporary impairment related to all other factors. The amount of the other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the other-than-temporary impairment related to all other factors is recognized in other comprehensive income. For the six months ended June 30, 2013, 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 (2012 – $0.3 million and $52 thousand, 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 June 30,	
	2013	2012
Beginning balance	$811	$2,188
Additions:		
Amount related to credit loss for which an other-than-temporary impairment was not previously recognized	—	8
Amount related to credit loss for which an other-than-temporary impairment was previously recognized	—	44
Reductions:		
Securities sold during the period	(20)	(836)
Securities for which the amount previously recognized in other comprehensive income was recognized in earnings, because the Company intends to sell the security or is more likely than not the Company will be required to sell the security	—	—
Increases in cash flows expected to be collected that are recognized over the remaining life of the security	—	—
Ending balance	$791	$1,404

	Six months ended June 30,	
	2013	2012
Beginning balance	$838	$2,370
Additions:		
Amount related to credit loss for which an other-than-temporary impairment was not previously recognized	—	8
Amount related to credit loss for which an other-than-temporary impairment was previously recognized	—	110
Reductions:		
Securities sold during the period	(47)	(1,084)
Securities for which the amount previously recognized in other comprehensive income was recognized in earnings, because the Company intends to sell the security or is more likely than not the Company will be required to sell the security	—	—
Increases in cash flows expected to be collected that are recognized over the remaining life of the security	—	—
Ending balance	$791	$1,404

NOTE 4. FAIR VALUE MEASUREMENTS

The use of fair value to measure certain assets and liabilities with resulting unrealized gains or losses is pervasive within the Company's 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 Level 3, respectively, during the periods 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 sheet:

At June 30, 2013	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	$1,200,408	$1,200,408	$—	$—
Agencies	227,017	—	227,017	—
Non-U.S. government (Sovereign debt)	265,033	—	265,033	—
Non-U.S. government-backed corporate	238,254	—	238,254	—
Corporate	1,500,576	—	1,474,895	25,681
Agency mortgage-backed	435,233	—	435,233	—
Non-agency mortgage-backed	233,468	—	233,468	—
Commercial mortgage-backed	298,996	—	298,996	—
Asset-backed	13,106	—	13,106	—
Total fixed maturity investments	4,412,091	1,200,408	3,186,002	25,681
Short term investments	924,843	—	924,843	—
Equity investments trading	108,620	108,620	—	—
Other investments				
Private equity partnerships	335,732	—	—	335,732
Senior secured bank loan funds	178,040	—	155,860	22,180
Catastrophe bonds	81,042	—	81,042	—
Hedge funds	4,683	—	—	4,683
Miscellaneous other investments	31,109	—	—	31,109
Total other investments	630,606	—	236,902	393,704
Other assets and (liabilities)				
Derivatives (1)	148	(232)	(1,463)	1,843
Other	(5,574)	—	(6,199)	625
Total other assets and (liabilities)	(5,426)	(232)	(7,662)	2,468
	$6,070,734	$1,308,796	$4,340,085	$421,853

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

December 31, 2012	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	$1,259,800	$1,259,800	$—	$—
Agencies	315,154	—	315,154	—
Non-U.S. government (Sovereign debt)	133,198	—	133,198	—
Non-U.S. government-backed corporate	349,514	—	349,514	—
Corporate	1,615,207	—	1,587,415	27,792
Agency mortgage-backed	408,531	—	408,531	—
Non-agency mortgage-backed	248,339	—	248,339	—
Commercial mortgage-backed	406,166	—	406,166	—
Asset-backed	12,954	—	12,954	—
Total fixed maturity investments	4,748,863	1,259,800	3,461,271	27,792
Short term investments	821,163	—	821,163	—
Equity investments trading	58,186	58,186	—	—
Other investments				
Private equity partnerships	344,669	—	—	344,669
Senior secured bank loan funds	202,929	—	172,334	30,595
Catastrophe bonds	91,310	—	91,310	—
Hedge funds	5,803	—	—	5,803
Total other investments	644,711	—	263,644	381,067
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts	2,647	—	—	2,647
Derivatives (1)	19,123	(125)	14,821	4,427
Other	7,315	—	(11,551)	18,866
Total other assets and (liabilities)	29,085	(125)	3,270	25,940
	$6,302,008	$1,317,861	$4,549,348	$434,799

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

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

Fixed Maturity Investments

Fixed maturity investments included in Level 1 consist of the Company's investments in U.S. treasuries. Fixed maturity investments included in Level 2 are agencies, 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 investment portfolios 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

benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third party data. Securities which are priced by an index provider are generally included in the index. In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding, however they are based on observable inputs and by observing secondary trading of similar securities obtained from active, non-distressed markets.

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

U.S. treasuries

Level 1 - At June 30, 2013, the Company’s U.S. treasuries fixed maturity investments are 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, 2012 - 0.4% and AA, respectively). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Agencies

Level 2 - At June 30, 2013, the Company’s agency fixed maturity investments had a weighted average effective yield of 1.2% and a weighted average credit quality of AA (December 31, 2012 - 0.7% and AA, respectively). The issuers of the Company’s agency fixed maturity investments primarily consist of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. Fixed maturity investments included in agencies are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

Non-U.S. government (Sovereign debt)

Level 2 - Non-U.S. government fixed maturity investments held by the Company at June 30, 2013, had a weighted average effective yield of 1.6% and a weighted average credit quality of AA (December 31, 2012 - 1.9% 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 who 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 AAA at June 30, 2013 (December 31, 2012 - 0.7% and AAA, respectively). Non-U.S. government-backed fixed maturity investments are primarily priced by pricing services who employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread to the respective curve for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Corporate

Level 2 - At June 30, 2013, 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 A (December 31, 2012 - 2.6% and A, respectively). The Company’s corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread which is added to the U.S. treasury curve or a security specific swap curve as appropriate.

Agency mortgage-backed

Level 2 - At June 30, 2013, the Company’s agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 2.7%, a weighted average credit quality of AA and a weighted average life of 5.3 years (December 31, 2012 - 1.3%, AA and 3.3 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 ("TBA") market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with daily active market quotes.

Non-agency mortgage-backed

Level 2 - The Company’s non-agency mortgage-backed fixed maturity investments include non-agency prime residential mortgage-backed and non-agency Alt-A fixed maturity investments. The Company has no fixed maturity investments classified as sub-prime held in its fixed maturity investments portfolio. At June 30, 2013, the Company’s non-agency prime residential mortgage-backed fixed maturity investments have a weighted average effective yield of 4.0%, a weighted average credit quality of BBB, and a weighted average life of 4.4 years (December 31, 2012 - 3.6%, BBB and 4.5 years, respectively). The Company’s non-agency Alt-A fixed maturity investments held at June 30, 2013 have a weighted average effective yield of 5.0%, a weighted average credit quality of non-investment grade and a weighted average life of 4.7 years (December 31, 2012 - 5.2%, non-investment grade and 4.7 years, respectively). Securities held in these sectors are primarily priced by pricing services using an option adjusted spread (”OAS”) 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 June 30, 2013 have a weighted average effective yield of 2.5%, a weighted average credit quality of AA, and a weighted average life of 3.7 years (December 31, 2012 - 1.7%, AA and 3.7 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bid and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.

Asset-backed

Level 2 - At June 30, 2013, the Company’s asset-backed fixed maturity investments had a weighted average effective yield of 1.8%, a weighted average credit quality of AAA and a weighted average life of 3.6 years (December 31, 2012 - 1.8%, AAA and 3.5 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 are 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 are 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

Senior secured bank loan funds

Level 2 - At June 30, 2013, the Company’s investments in senior secured bank loan funds include funds that invest primarily in bank loans and other senior debt instruments. The fair value of the Company’s senior secured bank loan funds are determined using the net asset value per share of the funds. Investments of $155.9 million are redeemable, in part on a monthly basis, or in whole over a three month period.

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 other derivatives entered into by the Company. The fair value of these transactions include 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. In addition, included in Level 2 are certain exchange traded weather and energy related derivatives primarily to address weather and energy risks, and hedging and trading activities related to these risks. The trading markets for these derivatives are generally linked to energy and agriculture commodities, weather and other natural phenomena and can be less active in nature. In these instances, the Company utilizes information from the most recent trade to establish fair value.

Other

Level 2 - The liabilities measured at fair value and included in Level 2 at June 30, 2013 of $6.2 million are principally cash settled restricted stock units (“CSRSU”) that form part of the Company's compensation program. The fair value of the Company's CSRSUs is determined using observable exchange traded prices for the Company's common shares.

Level 3 Assets and Liabilities Measured at Fair Value

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

At June 30, 2013	Fair Value (Level 3)	Valuation Technique	Unobservable (U) and Observable (O) Inputs	Low		High		Weighted Average or Actual	
Fixed maturity investments									
Corporate	$15,427	Discounted cash flow ("DCF")	Credit spread (U)	n/a		n/a		3.0	%
			Illiquidity premium (U)	n/a		n/a		1.0	%
			Risk-free rate (O)	n/a		n/a		0.7	%
			Dividend rate (O)	n/a		n/a		5.9	%
Corporate	10,254	Internal valuation model	Private transaction (U)	n/a		n/a		See below	
Total fixed maturity investments	25,681								
Other investments									
Private equity partnerships	335,732	Net asset valuation	Estimated performance (U)	(25.0	)%	12.0	%	1.7	%
Senior secured bank loan funds	22,180	Net asset valuation	Estimated performance (U)	(1.5	)%	(0.2	)%	(0.6	)%
Hedge funds	4,683	Net asset valuation	Estimated performance (U)	0.0	%	0.0	%	0.0	%
Miscellaneous other investment	29,899	Net asset valuation	Estimated performance (U)	n/a		n/a		1.2	%
Miscellaneous other investment	1,210	Internal valuation model	Private transaction (U)	n/a		n/a		See below	
Total other investments	393,704								
Other assets and (liabilities)									
Weather and energy related derivatives	1,843	Spread option; Quanto; Black Scholes; Simulation	Correlation (U)	0.0	%	100.0	%	See below	
			Volatility (U)	2.0	%	362.0	%	See below	
			Commodity curve (U)	$3.32		$97.17		See below	

			Weather curve (U)	1.8		6,892.0		See below
			Counterparty default risk (U)	0.0	%	22.5	%	See below
			Weather standard deviation (U)	1.2		590.8		See below
Other	625	Internal valuation model	Private transaction (U)	n/a		n/a		See below
Total other assets and (liabilities)	2,468							
	$421,853							

Fixed Maturity Investments

Corporate

Level 3 - Included in the Company's corporate fixed maturity investments is an investment with a fair value of $15.4 million in the preferred equity of a property and casualty insurance group organized to market residential property insurance in North America. The Company measures the fair value of this investment using a DCF model and seeks to incorporate all relevant information reasonably available to it. The Company considers the contractual agreement which stipulates the methodology for calculating a dividend rate to be paid upon liquidation, conversion or redemption. At June 30, 2013, the dividend rate was 5.9%. In addition, the Company has estimated an illiquidity premium of 1.0%, a risk-free rate of 0.7% and a credit spread of 3.0%. 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 corporate fixed maturity investments determined by a DCF model is positively correlated to the dividend rate, and inversely correlated to the credit spread, illiquidity premium and the risk-free rate.

In addition, the Company's corporate fixed maturity investments include an investment with a fair value of $10.3 million at June 30, 2013 in the preferred equity of a company that provides insurance for a variety of veterinarian costs, including surgeries, medication and diagnostic testing. The Company measures the fair value of this investment using an internal valuation model and uses a combination of quantitative and qualitative factors, which may include, but are not limited to, discounted cash flow analysis, financial statement analysis, budgets and forecasts, capital transactions and third party valuations. In circumstances where a private market transaction has recently occurred, the Company will evaluate the comparability of that transaction and incorporate it into its internal valuation model accordingly. Recent private market transactions of investments similar to that held by the Company have been used to determine the fair value of $10.3 million at June 30, 2013, as the Company believes the recent market transactions represent the price that would be received upon the sale of the Company's investment in an orderly transaction among market participants. Consequently, should future relevant private market transactions occur, the Company will re-evaluate the information available used to determine fair value of this investment and record any adjustments to fair value in its consolidated statements of operations.

Other investments

Private equity partnerships

Level 3 - Included in the Company's $335.7 million of investments in private equity partnerships at June 30, 2013 are 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 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 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 June 30, 2013 was negative 25.0% to positive 12.0% with a weighted average of positive 1.7%. 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 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 funds

Level 3 - The Company has $22.2 million invested in closed end funds which invest primarily in loans. The Company has no right to redeem its investment in these funds. The Company’s investments in these funds are valued using estimated monthly net asset valuations received from the investment manager. The lock up provisions in these funds result in a lack of current observable market transactions between the fund participants and the funds, and therefore, the Company considers the fair value of its investment in these funds to be determined using Level 3 inputs. The Company obtains and reviews the latest audited annual financial statements to attempt to ensure that these funds are following fair value principles consistent with GAAP in determining the net asset value.

Hedge funds

Level 3 - The Company has $4.7 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 are 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 respective hedge fund investment, the Company obtains and reviews the valuation methodology used by the investment manager and the latest audited annual financial statements to ensure that the hedge fund investment is following fair value principles consistent with GAAP in determining the net asset value.

Miscellaneous other investments

Level 3 - The Company has an investment of $29.9 million at June 30, 2013 in the common equity of a mortgage insurance company which provides private capital to lenders and investors that support financing for homeowner mortgages. The fair value of this investment is based on the net asset position obtained from the management of the mortgage insurance company and incorporates both actual and expected results for the current period. The fair value of the Company's investment is positively correlated to the net asset position. The Company also considers factors such as recent financial information, the value of capital transactions with the mortgage insurance company and management's judgment regarding whether any adjustments should be made to the net asset position.

Level 3 - The Company also has an investment in the common stock purchase warrants of a non-public company that develops weather programs and sells weather derivatives. The fair value of this investment at June 30, 2013 of $1.2 million was determined using a recent private market transaction. At June 30, 2013, the Company determined that the fair value of its investment was appropriate when compared to the net asset position of the company and a recent private market transaction, and on July 2, 2013, the Company sold this investment for $1.2 million.

Other assets and liabilities

Weather and Energy Related Derivatives

Level 3 - Derivatives measured at fair value include net assets of $1.8 million related to proprietary, non-exchange traded derivative-based risk management products primarily to address weather and energy risks, and hedging and trading activities related to these risks. The trading markets for these derivatives are generally linked to energy and agriculture commodities, weather and other natural phenomena and in instances where market prices are not available, the Company uses industry or internally developed valuation techniques such as spread option, Black Scholes, quanto and simulation modeling to determine fair value. These models may reference prices for similar instruments. Observable and unobservable inputs to these valuation techniques vary by contract requirements and commodity type, are validated using market-based or independently sourced parameters where applicable and would typically include the following, if applicable, dependent on contract requirements and commodity type:

- observable inputs: contract price, notional, option strike, term to expiry, interest rate and contractual limits;
- unobservable inputs: correlation; and
- both observable and unobservable: spot and forward volatilities, forward commodity price, forward weather curve, counterparty credit risk and weather standard deviation.

The range of each unobservable input could vary based on the specific commodity, including, but not limited to natural gas, electricity, crude, liquids, temperature or precipitation. Due to the diversity of the portfolio, the range of unobservable inputs could be wide-spread as reflected in the above table on quantitative information.

If a trade has one or more significant valuation inputs that are unobservable, such trades are initially valued at the transaction price, which is considered to be the best initial estimate of fair value. Subsequent to the initial valuation, the Company updates market observable inputs to reflect observable market changes. The unobservable inputs are validated at each reporting period and are only changed when corroborated by evidence such as similar market transactions, third-party pricing services and/or broker or dealer quotations or other empirical market data. The Company seeks to use broker quotes in less liquid markets.

Changes in any or all of the unobservable inputs listed above may contribute positively or negatively to the overall portfolio fair value depending upon the underlying position. In general, movements in weather curves are the largest contributing factor that impact fair value. However, trades valued using unobservable inputs represent a small percentage of the total number of transactions in the portfolio.

Pricing models utilized in these operations are internally approved by an internal management risk committee prior to implementation and are reviewed periodically.

Other

The Company has an investment in the preferred equity of a non-public company that develops online risk management products primarily focused on motor fuels risk. The fair value of this investment at June 30, 2013 of $0.6 million was determined using recent private market transactions. In instances where private market transactions are not available, the fair value is measured using a number of qualitative and quantitative factors, including but not limited to a net asset estimation of the company, projected earnings, and any other information that may be available to the Company. At June 30, 2013, the Company determined that the fair value of its investment was appropriate when compared to the net asset position of the company and recent private market transactions. Should the net asset position of the company increase or decrease, the fair value of the Company's investment would also correspondingly increase or decrease, as applicable.

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 - April 1, 2013	$28,067	$402,206	$21,328	$451,601
Total unrealized gains (losses)				
Included in net investment income	114	(2,373)	—	(2,259)
Included in other (loss) income	—	—	(20,982)	(20,982)
Total realized gains				
Included in other (loss) income	—	—	28,504	28,504
Total foreign exchange gains	—	364	369	733
Purchases	—	18,411	13,264	31,675
Sales	—	—	50,483	50,483
Settlements	(2,500)	(24,904)	(90,498)	(117,902)
Balance - June 30, 2013	$25,681	$393,704	$2,468	$421,853
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$114	$(2,373)	$—	$(2,259)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other (loss) income	$—	$—	$3,392	$3,392

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - January 1, 2013	$27,792	$381,067	$25,940	$434,799
Total unrealized gains (losses)				
Included in net investment income	389	10,643	—	11,032
Included in other (loss) income	—	—	(11,206)	(11,206)
Total realized losses				
Included in other (loss) income	—	—	34,612	34,612
Total foreign exchange (losses) gains	—	(417)	289	(128)
Purchases	—	29,196	13,264	42,460
Sales	—	—	50,483	50,483
Settlements	(2,500)	(45,027)	(92,672)	(140,199)
Reclassified from other assets to other investments	—	18,242	(18,242)	—
Net transfers into Level 3	—	—	—	—
Balance - June 30, 2013	$25,681	$393,704	$2,468	$421,853
Change in unrealized gains for the period included in earnings for assets held at the end of	$389	$10,643	$—	$11,032

the period included in net investment income				
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other (loss) income	$—	$—	$2,088	$2,088

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - April 1, 2012	$27,838	$418,537	$48,145	$494,520
Total unrealized gains (losses)				
Included in net investment income	(63)	(13,013)	—	(13,076)
Included in other income (loss)	—	—	(15,576)	(15,576)
Total realized gains				
Included in other income (loss)	—	—	22,076	22,076
Total foreign exchange losses	—	(1,394)	371	(1,023)
Purchases	—	5,956	40,878	46,834
Sales	—	—	(91,655)	(91,655)
Settlements	—	(19,581)	29,946	10,365
Net transfers into Level 3	—	—	—	—
Balance - June 30, 2012	$27,775	$390,505	$34,185	$452,465
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(63)	$(13,013)	$—	$(13,076)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$8,019	$8,019

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - January 1, 2012	$27,761	$396,526	$28,526	$452,813
Total unrealized gains (losses)				
Included in net investment income	14	16,094	—	16,108
Included in other income (loss)	—	—	2,987	2,987
Total realized gains				
Included in other income (loss)	—	—	(33,232)	(33,232)
Total foreign exchange losses	—	(664)	(6)	(670)
Purchases	—	18,645	50,159	68,804
Sales	—	—	(105,086)	(105,086)
Settlements	—	(40,096)	90,837	50,741
Net transfers into Level 3	—	—	—	—
Balance - June 30, 2012	$27,775	$390,505	$34,185	$452,465
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$14	$16,094	$—	$16,108
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$9,678	$9,678

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 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 interest, 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.

Senior Notes

In March 2010, RenRe North America Holdings Inc. (“RRNAH”) issued $250.0 million of 5.75% Senior Notes due March 15, 2020, with interest on the notes payable on March 15 and September 15 of each year. At June 30, 2013, the fair value of the 5.75% Senior Notes was $273.1 million (December 31, 2012 - $281.2 million).

The fair value of RRNAH’s 5.75% Senior Notes 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 its Senior Notes.

The Fair Value Option for Financial Assets and Financial Liabilities

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

	June 30, 2013	December 31, 2012
Other investments	$630,606	$644,711
Other assets	$625	$21,513

Included in net investment income for the three and six months ended June 30, 2013 was net unrealized losses of $4.1 million and gains of $11.0 million, respectively, related to the changes in fair value of other investments (2012 – losses of $13.4 million and gains of $21.9 million, respectively). Net unrealized gains related to the changes in the fair value of other assets and liabilities recorded in other (loss) were $Nil and $Nil for the three and six months ended June 30, 2013, respectively (2012 – net unrealized losses of $0.4 million and $2.5 million, respectively).

Measuring the Fair Value of Other Investments Using Net Asset Valuations

The table below shows the Company’s portfolio of other investments measured using net asset valuations:

At June 30, 2013	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Minimum Days)	Redemption Notice Period (Maximum Days)
Private equity partnerships	$335,732	$75,948	See below	See below	See below
Senior secured bank loan funds	178,040	21,887	See below	See below	See below
Hedge funds	4,683	—	See below	See below	See below
Miscellaneous other investment	29,899	13,486	See below	See below	See below
Total other investments measured using net asset valuations	$548,354	$111,321			

Private equity partnerships – Included in the Company’s investments in private equity partnerships are 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 using 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 funds – The Company’s investment in senior secured bank loan funds includes funds that invest primarily in bank loans and other senior debt instruments. The fair values of the investments in this category have been determined using the net asset value per share of the funds or the estimated net asset per share where applicable, as discussed in detail above. Investments of $155.9 million are redeemable, in part on a monthly basis, or in whole over a three month period.

The Company also has $22.2 million invested in closed end funds which invest in loans. The Company has no right to redeem its investment in these funds.

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 June 30, 2013, are $4.7 million of so called “side pocket” investments which are not redeemable at the option of the shareholder. The Company fully redeemed the remaining non-side pocket investments in hedge funds during June 2012. The Company has retained 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.

Miscellaneous other investment – The Company has an investment of $29.9 million at June 30, 2013 in the common equity of a mortgage insurance company which provides private capital to lenders and investors that supports financing for homeowner mortgages. The fair value of this investment is based on the net asset value obtained from the management of the mortgage insurance company and incorporates both actual and expected results for the current period. The fair value of the Company's investment is positively correlated to the net asset valuation of the mortgage insurance company. The Company also considers factors such as recent financial information, the value of capital transactions with the mortgage insurance company and management's judgment regarding whether any adjustments should be made to the net asset value.

NOTE 5. CEDED 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, 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 tables set forth the effect of reinsurance and retrocessional activity on premiums written and earned and on net claims and claim expenses incurred:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Premiums written				
Direct	$16,333	$11,736	$26,650	$20,199
Assumed	686,890	655,600	1,311,991	1,311,288
Ceded	(144,114)	(239,706)	(342,719)	(411,282)
Net premiums written	$559,109	$427,630	$995,922	$920,205
Premiums earned				
Direct	$10,789	$7,950	$20,662	$15,737
Assumed	380,626	341,620	747,479	698,906
Ceded	(99,526)	(105,154)	(204,997)	(191,562)
Net premiums earned	$291,889	$244,416	$563,144	$523,081
Claims and claim expenses				
Gross claims and claim expenses incurred	$116,995	$70,101	$150,993	$85,383
Claims and claim expenses recovered	(13,033)	(20,550)	(19,780)	(20,280)
Net claims and claim expenses incurred	$103,962	$49,551	$131,213	$65,103

NOTE 6. NONCONTROLLING INTERESTS

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 ownership in DaVinciRe was 32.9% at June 30, 2013 (December 31, 2012 - 30.8%).

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 such date. Payment will be made by April 1 of the following year, 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.

Effective January 1, 2012, an existing third party shareholder sold a portion of its shares in DaVinciRe to a new third party shareholder. In connection with the sale by the existing third party shareholder, DaVinciRe retained a $4.9 million holdback. In addition, effective January 1, 2012, the Company sold a portion of its shares of DaVinciRe to a separate new third party shareholder. The Company sold these shares for $98.9 million, net of a $10.0 million reserve holdback due from DaVinciRe. The Company's ownership in DaVinciRe was 42.8% at December 31, 2011 and subsequent to the above transactions, its ownership interest in DaVinciRe decreased to 34.7% effective January 1, 2012.

Certain third party shareholders of DaVinciRe submitted repurchase notices on or before the required annual redemption notice date of March 1, 2012, in accordance with the Shareholders Agreement. The repurchase notices submitted on or before March 1, 2012, were for shares of DaVinciRe with a GAAP book value of $53.2 million at December 31, 2012.

On June 1, 2012, DaVinciRe completed an equity raise of $49.3 million from a new third party investor. In addition, the Company and an existing third party investor each sold $24.7 million in common shares of DaVinciRe to another existing third party investor, for a total of $49.4 million. In connection with the sale by the Company and the existing third party investor, DaVinciRe retained a $5.0 million holdback. As a result of the above transactions, the Company's ownership in DaVinciRe decreased to 31.5% effective January 1, 2012.

On October 1, 2012, the Company sold a portion of its shares of DaVinciRe to a new third party shareholder for $9.8 million. The Company's ownership in DaVinciRe decreased to 30.8% effective October 1, 2012 as a result of this sale.

During January 2013, DaVinciRe redeemed shares from certain DaVinciRe shareholders (including those who submitted redemption notices in advance of the March 1, 2012 annual redemption notice date, as discussed above) while certain other DaVinciRe shareholders purchased additional shares in DaVinciRe. The net redemption as a result of these transactions was $150.0 million. In connection with the redemptions, DaVinciRe retained a $20.5 million holdback. The Company's ownership in DaVinciRe was 30.8% at December 31, 2012 and subsequent to the above transactions, the Company's ownership in DaVinciRe increased to 32.9% effective January 1, 2013. The Company expects its ownership in DaVinciRe to fluctuate over time.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Beginning balance	$875,770	$796,743	$968,259	$657,727
Redemption of shares from redeemable noncontrolling interest	(663)	—	(186,894)	—
Sale of shares to redeemable noncontrolling interests	—	70,501	54,927	156,169
Net income attributable to redeemable noncontrolling interest	14,009	33,634	52,824	86,982
Ending balance	$889,116	$900,878	$889,116	$900,878

Redeemable Noncontrolling Interest - RenaissanceRe Medici Fund Ltd. ("Medici")

Medici is an exempted fund 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. Prior to June 1, 2013, Medici was a wholly owned subsidiary of RenaissanceRe Fund Holdings Ltd. (“Fund Holdings”), which in turn is a wholly owned subsidiary of RenaissanceRe.

Effective June 1, 2013, third-party investors subscribed for $8.0 million of the participating, non-voting common shares of Medici, resulting in Fund Holdings' ownership percentage in Medici decreasing to 92.2%. The portion of Medici's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interest. The Company expects its ownership in Medici to fluctuate over time.

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.

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

	Three months ended June 30, 2013	Six months ended June 30, 2013
Beginning balance	$—	$—
Sale of shares to redeemable noncontrolling interests	8,000	8,000
Net income attributable to redeemable noncontrolling interest	7	7
Ending balance	$8,007	$8,007

Noncontrolling Interest - Angus Fund L.P. (the “Angus Fund”)

In December 2010, REAL and RenRe Commodity Advisors LLC, formerly known as RenRe Commodity Advisors Inc. (“RRCA”), both wholly owned subsidiaries of the Company, formed the Angus Fund with other equity investors. REAL, the general partner of the Angus Fund, has invested $55 thousand in the Angus Fund, representing a 1.1% ownership interest at June 30, 2013 (December 31, 2012 - $55 thousand and 1.1%, respectively), and RRCA, a limited partner, has invested $2.0 million in the Angus Fund, representing a 35.0% ownership interest at June 30, 2013 (December 31, 2012 - $2.0 million and 35.1%, respectively). The Angus Fund was formed to provide capital to and make investments in companies primarily in the heating oil and propane distribution industries to supplement the Company’s weather and energy risk management operations. The Angus Fund meets the definition of a VIE, therefore the Company evaluated its ownership in the Angus Fund to determine if it is the primary beneficiary. The Company has concluded it is the primary beneficiary of the Angus Fund as it has the power to direct, and has a more than insignificant economic interest in, the activities of the Angus Fund and as such, the financial position and results of operations of the Angus Fund are consolidated. The portion of the Angus Fund's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interest. The Company expects its ownership in the Angus Fund to fluctuate over time.

The activity in noncontrolling interest – Angus Fund is detailed in the table below:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Beginning balance	$3,747	$3,892	$3,991	$3,340
Sale of shares by noncontrolling interest	—	—	—	300
Adjustment of ownership interest	—	—	139	—
Net (loss) income attributable to noncontrolling interest	(1)	(10)	(209)	283
Dividends on common shares	(53)	29	(228)	(12)
Ending balance	$3,693	$3,911	$3,693	$3,911

NOTE 7. VARIABLE INTEREST ENTITIES

Upsilon Reinsurance Ltd. ("Upsilon Re")

Effective January 1, 2012, the Company formed and launched a managed joint venture, Upsilon Re, a Bermuda domiciled special purpose insurer ("SPI"), to provide additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market for the 2012 underwriting year. The original business was written by Renaissance Reinsurance of Europe ("ROE"), a wholly owned subsidiary of RenaissanceRe, and included $37.4 million of gross premiums written incepting between January 1, 2012 and June 1, 2012. A portion of this business was in turn ceded to Upsilon Re under a fully-collateralized retrocessional reinsurance contract, effective January 1, 2012. In conjunction with the formation and launch of Upsilon Re, $16.8 million of non-voting Class B shares were sold to external investors, and the Company invested $48.8 million in Upsilon Re's non-voting Class B shares, representing a 74.5% ownership interest in Upsilon Re. The Class B shareholders participate in substantially all of the profits or losses of Upsilon Re while the Class B shares remain outstanding. The

holders of Class B shares indemnify Upsilon Re against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. In addition, another third party investor supplied $17.6 million of capital through a reinsurance participation (a third party quota share agreement) with ROE alongside Upsilon Re. Inclusive of the reinsurance participation, the Company has a 61.4% participation in the original risks assumed by ROE. Both Upsilon Re and the reinsurance participation are managed by RUM in return for an expense override. Through RUM, the Company is eligible to receive a potential underwriting profit commission in respect of Upsilon Re. Upsilon Re is considered a VIE and the Company is considered the primary beneficiary. As a result, Upsilon Re is consolidated by the Company and all significant inter-company transactions have been eliminated.

During the first six months of 2013, Upsilon Re redeemed a portion of its outstanding third party non-voting Class B shares for $21.9 million as a result of the scheduled expiration of certain risks underwritten by Upsilon Re. Following the redemption, third-party non-voting Class B Shares with a GAAP book value of $1.1 million as at June 30, 2013, remained outstanding. In addition, the Company has authorized the release of $26.4 million of collateral to a third party investor who participated in risks underwritten by ROE related to Upsilon Re through the reinsurance participation.

Timicuan Reinsurance III Limited ("Tim Re III")

Effective June 1, 2012, the Company formed and launched a managed joint venture, Tim Re III, a Bermuda domiciled SPI, to provide collateralized reinsurance in respect of a portfolio of Florida reinstatement premium protection ("RPP") contracts. The original business was written by Renaissance Reinsurance and DaVinci, and included $41.1 million of gross premiums written incepting June 1, 2012 and Renaissance Reinsurance and DaVinci ceded $37.7 million to Tim Re III under a fully-collateralized reinsurance contract. In conjunction with the formation and launch of Tim Re III, $44.8 million of non-voting Class B shares were sold to external investors. Additionally, $10.3 million of the non-voting Class B shares were acquired by the Company, representing an 18.6% ownership interest in Tim Re III. The Class B shareholders participate in substantially all of the profits or losses of Tim Re III while the Class B shares remain outstanding. The holders of Class B shares indemnify Tim Re III against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. In addition, another third party investor supplied $5.2 million of capital through a reinsurance participation with Renaissance Reinsurance and DaVinci, alongside Tim Re III. Inclusive of the reinsurance participation, the Company has a 17.1% participation in the original risks assumed by Renaissance Reinsurance and DaVinci related to Tim Re III. Both Tim Re III and the reinsurance participation are managed by RUM. Through RUM, the Company is eligible to receive a potential underwriting profit commission in respect of Tim Re III. Tim Re III is considered a VIE and the Company is considered the primary beneficiary. As a result, Tim Re III is consolidated by the Company and all significant inter-company transactions have been eliminated.

During the first six months of 2013, Tim Re III redeemed all of its outstanding third party non-voting Class B shares for $59.7 million as a result of the scheduled expiration of certain risks underwritten by Tim Re III, subject to a holdback of $6.6 million. In addition, the Company has authorized the release of $3.8 million of collateral to a third party investor who participated in risks underwritten by Renaissance Reinsurance and DaVinci related to Tim Re III through the reinsurance participation.

Upsilon Reinsurance II Ltd. ("Upsilon Re II")

Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon Re II, a Bermuda domiciled SPI, to provide additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market for the 2013 underwriting year. Original business was written directly by Upsilon Re II and includes $53.5 million of gross premiums written incepting January 1, 2013 under fully-collateralized reinsurance contracts. In conjunction with the formation and launch of Upsilon Re II, $61.0 million of Upsilon Re II non-voting Class B shares were sold to external investors. Additionally, $76.4 million of the non-voting Class B shares were acquired by the Company, representing a 55.6% ownership interest in Upsilon Re II. The Class B shareholders participate in substantially all of the profits or losses of Upsilon Re II while the Class B shares remain outstanding. The holders of Class B shares indemnify Upsilon Re II against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services

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addition, another third party investor supplied $17.5 million of capital through an insurance contract with the Company related to Upsilon Re II's reinsurance portfolio. Inclusive of the insurance contract, the Company has a 42.9% participation in the original risks assumed by Upsilon Re II. Both Upsilon Re II and the reinsurance participation are managed by RUM in return for an expense override. Through RUM, the Company is eligible to receive a potential underwriting profit commission in respect of Upsilon Re II. Upsilon Re II is considered a VIE and the Company is considered the primary beneficiary. As a result, Upsilon Re II is consolidated by the Company and all significant inter-company transactions have been eliminated.

On July 1, 2013, the Company sold a portion of its shares of Upsilon Re II to a new third party shareholder for $25.0 million. The Company's ownership in Upsilon Re II decreased to 26.2%, inclusive of the related insurance contract, effective July 1, 2013 as a result of this sale.

Upsilon Re, Tim Re III and Upsilon Re II are each considered VIEs as they each have insufficient equity capital to finance their activities without additional financial support. The Company is the primary beneficiary of each of Upsilon Re, Tim Re III and Upsilon Re II as it: (i) has the power over the activities that most significantly impact the economic performance of each of Upsilon Re, Tim Re III and Upsilon Re II and (ii) has the obligation to absorb the losses, and right to receive the benefits, in accordance with the accounting guidance, that could be significant to Upsilon Re, Tim Re III and Upsilon Re II, respectively. As a result, the Company consolidates Upsilon Re, Tim Re III and Upsilon Re II and all significant inter-company transactions have been eliminated. The Company has not provided financial or other support to any of Upsilon Re, Tim Re III and Upsilon Re II during the periods presented by these consolidated financial statements that was not contractually required to be provided.

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 principle at-risk variable risk notes (the "Notes") to third-party investors. Mona Lisa Re has one issued and outstanding common share at par value $1.00 owned by a third-party trustee.

Upon issuance of the Notes by Mona Lisa Re, all of the proceeds from the issuance are deposited into collateral accounts, separated by series, to fund any potential obligation under the reinsurance agreements entered into with Renaissance Reinsurance and DaVinci. Upon termination of the reinsurance agreements, any remaining outstanding principal amount will be returned to holders of the Notes. In addition, holders of the Notes will receive interest, payable quarterly on each of April 30, July 31, October 31 and January 31 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. The Company 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.

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. On April 2, 2013, Renaissance Reinsurance and DaVinci together entered into a ceded reinsurance contract with Mona Lisa Re with gross premiums ceded of $1.2 million and $1.2 million, respectively.

NOTE 8. SHAREHOLDERS' EQUITY

The Board of Directors of RenaissanceRe declared, and RenaissanceRe paid, a dividend of $0.28 per common share to shareholders of record on March 15, 2013 and June 14, 2013. During the six months ended June 30, 2013, the Company declared and paid $13.8 million in preference share dividends (2012 – $17.5 million) and $24.7 million in common share dividends (2012 - $27.7 million).

During the six months ended June 30, 2013, the Company repurchased 1.5 million shares in open market transactions, at an aggregate cost of $122.0 million, and at an average share price of $81.46. On February 20, 2013, the Company approved an increase in its authorized share repurchase program to an aggregate amount of $500.0 million. At June 30, 2013, $489.3 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. 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 the Company'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.

In March 2004, RenaissanceRe raised $250.0 million through the issuance of 10 million Series C Preference Shares at $25 per share; in December 2006, RenaissanceRe raised $300.0 million through the issuance of 12 million Series D Preference Shares at $25 per share; and in May 2013, RenaissanceRe raised $275.0 million through the issuance of 11 million Series E Preference Shares at $25 per share. On December 27, 2012, the Company redeemed 6 million Series D Preference Shares for $150.0 million plus accrued and unpaid dividends thereon. Following the redemption, 6 million Series D Preference Shares remained outstanding. The proceeds of the issuance of the Series E Preference Shares were used to redeem the remaining 6 million outstanding Series D Preference Shares and 5 million of the outstanding Series C Preference Shares, as discussed below.

The Series E Preference Shares and the remaining Series C Preference Shares may be redeemed at $25 per share plus certain dividends at RenaissanceRe's option on or after June 1, 2018 and March 23, 2009, respectively. Dividends on the Series C Preference Shares are cumulative from the date of original issuance and are payable quarterly in arrears at 6.08% per annum, when, if, and as declared by the Board of Directors. Dividends on the Series E Preference Shares will be payable from the date of original issuance on a non-cumulative basis, only when, as and if declared by the Board of Directors, quarterly in arrears at 5.375% per annum. Unless certain dividend payments are made on the preference shares, RenaissanceRe will be restricted from paying any dividends on its common shares. The preference shares have no stated maturity and are not convertible into any other securities of RenaissanceRe. Generally, the preference shares have no voting rights. Whenever dividends payable on the preference shares are in arrears (whether or not such dividends have been earned or declared) in an amount equivalent to dividends for six full dividend periods (whether or not consecutive), the holders of the preference shares, voting as a single class regardless of class or series, will have the right to elect two directors to the Board of Directors of RenaissanceRe.

In May 2013, RenaissanceRe announced a mandatory redemption of the remaining 6 million of its outstanding Series D Preference Shares and on June 27, 2013 RenaissanceRe redeemed the remaining 6 million Series D Preference Shares called for redemption for $150.0 million million plus accrued and unpaid dividends thereon. Following the redemption, no Series D Preference Shares remain outstanding. In addition, in May 2013, RenaissanceRe announced a mandatory partial redemption of 5 million of its outstanding Series C Preference Shares. The partial redemption was allocated by random lottery in accordance with the Depository Trust Company's rules and procedures and on June 27, 2013 RenaissanceRe redeemed the 5 million Series C Preference Shares called for redemption for $125.0 million plus accrued and unpaid dividends thereon. Following the redemption, 5 million Series C Preference Shares remain outstanding.

NOTE 9. EARNINGS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
(thousands of shares)	2013	2012	2013	2012
Numerator:				
Net income available to RenaissanceRe common shareholders	$26,806	$142,270	$217,280	$343,699
Amount allocated to participating common shareholders (1)	(376)	(2,236)	(3,174)	(5,601)
Net income allocated to RenaissanceRe common shareholders	$26,430	$140,034	$214,106	$338,098
Denominator:				
Denominator for basic income per RenaissanceRe common share - weighted average common shares	43,372	50,278	43,453	50,328
Per common share equivalents of employee stock options and restricted shares	871	734	850	669
Denominator for diluted income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions	44,243	51,012	44,303	50,997
Basic income per RenaissanceRe common share	$0.61	$2.78	$4.93	$6.72
Diluted income per RenaissanceRe common share	$0.60	$2.75	$4.83	$6.63

(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 10. SEGMENT REPORTING

The Company currently has two reportable segments: Reinsurance and Lloyd's.

As of December 31, 2012, the Company undertook a review of its reportable segments and concluded that its former Insurance segment no longer met the quantitative thresholds defined in FASB ASC Topic Segment Reporting. These operations are not actively involved in pursuing business opportunities and are in run-off; therefore the Company determined these operations no longer require, nor warrant, separate disclosure as a reportable segment. As such, the results of operations of the former Insurance segment have been included in the Other category, and all prior periods presented herein have been reclassified to conform with the current year presentation.

The Company's Reinsurance operations are comprised of: (1) property catastrophe reinsurance, principally written through Renaissance Reinsurance and DaVinci; (2) specialty reinsurance, principally written through Renaissance Reinsurance, DaVinci and RenaissanceRe Specialty Risks; and (3) certain property catastrophe and specialty joint ventures, as described herein. The Reinsurance segment is managed by the Company's Chief Executive Officer and President, who leads a team of underwriters, risk modelers and other industry professionals, who have access to the Company's proprietary risk management, underwriting and modeling resources and tools.

The Company's Lloyd's segment includes reinsurance and insurance business written through Syndicate 1458. Syndicate 1458 started writing certain lines of insurance and reinsurance business incepting on or after June 1, 2009. The syndicate was established to enhance the Company's underwriting platform by providing access to Lloyd's extensive distribution network and worldwide licenses and is managed by the Chief Underwriting Officer of European Operations. RenaissanceRe Corporate Capital (UK) Limited (“RenaissanceRe CCL”), an indirect wholly owned subsidiary of RenaissanceRe, is the sole corporate member of Syndicate 1458.

The financial results of the Company's strategic investments, current weather and energy risk management operations, 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 and capital servicing costs.
The Company does not manage its assets by segment; accordingly, net investment income and total assets are not allocated to the segments.
A summary of the significant components of the Company's revenues and expenses is as follows:

Three months ended June 30, 2013	Reinsurance	Lloyd’s	Other	Eliminations (1)	Total
Gross premiums written	$635,442	$68,769	$—	$ (988)	$703,223
Net premiums written	$494,200	$64,643	$266		$559,109
Net premiums earned	$249,689	$41,933	$267		$291,889
Net claims and claim expenses incurred	78,426	25,536	—		103,962
Acquisition expenses	23,206	8,484	77		31,767
Operational expenses	31,194	11,456	169		42,819
Underwriting income (loss)	$116,863	$(3,543)	$21		113,341
Net investment income			27,324		27,324
Net foreign exchange losses			(1,085)		(1,085)
Equity in earnings of other ventures			3,772		3,772
Other income			631		631
Net realized and unrealized losses on investments			(69,544)		(69,544)
Corporate expenses			(21,588)		(21,588)
Interest expense			(4,300)		(4,300)
Income from continuing operations before taxes					48,551
Income tax expense			(247)		(247)
Net income attributable to noncontrolling interests			(14,015)		(14,015)
Dividends on preference shares			(7,483)		(7,483)
Net income available to RenaissanceRe common shareholders					$26,806
Net claims and claim expenses incurred – current accident year	$102,272	$28,517	$—		$130,789
Net claims and claim expenses incurred – prior accident years	(23,846)	(2,981)	—		(26,827)
Net claims and claim expenses incurred – total	$78,426	$25,536	$—		$103,962
Net claims and claim expense ratio – current accident year	41.0%	68.0%	—%		44.8%
Net claims and claim expense ratio – prior accident years	(9.6)%	(7.1)%	—%		(9.2)%
Net claims and claim expense ratio – calendar year	31.4%	60.9%	—%		35.6%

Underwriting expense ratio	21.8	%	47.5	%	92.1	%	25.6	%
Combined ratio	53.2	%	108.4	%	92.1	%	61.2	%

(1) Represents $1.0 million of gross premiums ceded from the Reinsurance segment to the Lloyd's segment.

Six months ended June 30, 2013	Reinsurance	Lloyd’s	Other	Eliminations (1)	Total
Gross premiums written	$1,196,568	$143,061	$—	$ (988)	$1,338,641
Net premiums written	$875,072	$120,567	$283		$995,922
Net premiums earned	$483,149	$79,712	$283		$563,144
Net claims and claim expenses incurred	91,826	40,064	(677)		131,213
Acquisition expenses	41,265	15,400	111		56,776
Operational expenses	64,869	23,634	330		88,833
Underwriting income	$285,189	$614	$519		286,322
Net investment income			70,518		70,518
Net foreign exchange gains			671		671
Equity in earnings of other ventures			9,607		9,607
Other income			7,635		7,635
Net realized and unrealized losses on investments			(55,273)		(55,273)
Corporate expenses			(26,117)		(26,117)
Interest expense			(9,334)		(9,334)
Income from continuing operations before taxes					284,029
Income tax expense			(369)		(369)
Net income attributable to noncontrolling interests			(52,622)		(52,622)
Dividends on preference shares			(13,758)		(13,758)
Net income available to RenaissanceRe common shareholders					$217,280
Net claims and claim expenses incurred – current accident year	$149,301	$46,388	$—		$195,689
Net claims and claim expenses incurred – prior accident years	(57,475)	(6,324)	(677)		(64,476)
Net claims and claim expenses incurred – total	$91,826	$40,064	$(677)		$131,213
Net claims and claim expense ratio – current accident year	30.9%	58.2%	—%		34.7%
Net claims and claim expense ratio – prior accident years	(11.9)%	(7.9)%	(239.2)%		(11.4)%
Net claims and claim expense ratio – calendar year	19.0%	50.3%	(239.2)%		23.3%
Underwriting expense ratio	22.0%	48.9%	155.8%		25.9%
Combined ratio	41.0%	99.2%	(83.4)%		49.2%

(1) Represents $1.0 million of gross premiums ceded from the Reinsurance segment to the Lloyd's segment.

Three months ended June 30, 2012	Reinsurance	Lloyd's	Other	Total
Gross premiums written	$617,039	$50,297	$—	$667,336
Net premiums written	$379,369	$48,510	$(249)	$427,630
Net premiums earned	$214,296	$30,369	$(249)	$244,416
Net claims and claim expenses incurred	35,488	14,960	(897)	49,551
Acquisition expenses	20,098	5,510	—	25,608
Operational expenses	30,346	10,806	255	41,407
Underwriting income (loss)	$128,364	$(907)	$393	127,850
Net investment income			17,673	17,673
Net foreign exchange gains			2,410	2,410
Equity in earnings of other ventures			6,846	6,846
Other income			11,289	11,289
Net realized and unrealized gains on investments			28,073	28,073
Net other-than-temporary impairments			(209)	(209)
Corporate expenses			(4,067)	(4,067)
Interest expense			(5,716)	(5,716)
Income from continuing operations before taxes				184,149
Income tax expense			(898)	(898)
Income from discontinued operations			1,393	1,393
Net income attributable to noncontrolling interests			(33,624)	(33,624)
Dividends on preference shares			(8,750)	(8,750)
Net income available to RenaissanceRe common shareholders				$142,270
Net claims and claim expenses incurred – current accident year	$76,631	$18,366	$—	$94,997
Net claims and claim expenses incurred – prior accident years	(41,143)	(3,406)	(897)	(45,446)
Net claims and claim expenses incurred – total	$35,488	$14,960	$(897)	$49,551
Net claims and claim expense ratio – current accident year	35.8%	60.5%	—%	38.9%
Net claims and claim expense ratio – prior accident years	(19.2)%	(11.2)%	360.2%	(18.6)%
Net claims and claim expense ratio – calendar year	16.6%	49.3%	360.2%	20.3%
Underwriting expense ratio	23.5%	53.7%	(102.4)%	27.4%
Combined ratio	40.1%	103.0%	257.8%	47.7%

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Six months ended June 30, 2012	Reinsurance	Lloyd's	Other	Eliminations (1)	Total
Gross premiums written	$1,226,801	$105,114	$—	$(428)	$1,331,487
Net premiums written	$838,007	$82,447	$(249)		$920,205
Net premiums earned	$468,114	$55,191	$(224)		$523,081
Net claims and claim expenses incurred	43,812	23,961	(2,670)		65,103
Acquisition expenses	39,484	10,178	57		49,719
Operational expenses	62,390	20,863	537		83,790
Underwriting income	$322,428	$189	$1,852		324,469
Net investment income			83,149		83,149
Net foreign exchange gains			950		950
Equity in earnings of other ventures			12,316		12,316
Other loss			(27,805)		(27,805)
Net realized and unrealized gains on investments			75,681		75,681
Net other-than-temporary impairments			(343)		(343)
Corporate expenses			(8,878)		(8,878)
Interest expense			(11,434)		(11,434)
Income from continuing operations before taxes					448,105
Income tax expense			(861)		(861)
Income from discontinued operations			1,220		1,220
Net income attributable to noncontrolling interests			(87,265)		(87,265)
Dividends on preference shares			(17,500)		(17,500)
Net income available to RenaissanceRe common shareholders					$343,699
Net claims and claim expenses incurred – current accident year	$131,775	$34,646	$—		$166,421
Net claims and claim expenses incurred – prior accident years	(87,963)	(10,685)	(2,670)		(101,318)
Net claims and claim expenses incurred – total	$43,812	$23,961	$(2,670)		$65,103
Net claims and claim expense ratio – current accident year	28.2 %	62.8 %	— %		31.8 %
Net claims and claim expense ratio – prior accident years	(18.8)%	(19.4)%	1,192.0 %		(19.4)%
Net claims and claim expense ratio – calendar year	9.4 %	43.4 %	1,192.0 %		12.4 %
Underwriting expense ratio	21.7 %	56.3 %	(265.2)%		25.6 %
Combined ratio	31.1 %	99.7 %	926.8 %		38.0 %

(1) Represents $0.4 million of gross premiums ceded from the Lloyd's segment to the Reinsurance segment.

NOTE 11. DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for yield enhancement, or for trading and speculation. The Company 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 table below shows 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:

	Derivative Assets					
At June 30, 2013	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$244	—	$244	Other assets	$—	$244
Foreign currency forward contracts (1)	2,656	—	2,656	Other assets	—	2,656
Foreign currency forward contracts (2)	1,581	—	1,581	Other assets	—	1,581
Credit default swaps	596	—	596	Other assets	312	284
Energy and weather contracts	33,945	13,176	20,769	Other assets	2,400	18,369
Total	$39,022	$13,176	$25,846		$2,712	$23,134

	Derivative Liabilities					
At June 30, 2013	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$428	—	$428	Other liabilities	$428	$—
Foreign currency forward contracts (1)	10,514	—	10,514	Other liabilities	—	10,514
Foreign currency forward contracts (2)	1,247	—	1,247	Other liabilities	—	1,247
Foreign currency forward contracts (3)	80	31	49	Other liabilities	—	49
Credit default swaps	132	—	132	Other liabilities	39	93
Energy and weather contracts	21,164	7,836	13,328	Other liabilities	—	13,328
Total	$33,565	$7,867	$25,698		$467	$25,231

(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.
(3) Contracts used to manage foreign currency risks in energy and risk operations.

At December 31, 2012	Derivative Assets Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$441	—	$441	Other assets	$—	$441
Foreign currency forward contracts (1)	7,191	—	7,191	Other assets	—	7,191
Foreign currency forward contracts (2)	2,534	2,296	238	Other assets	—	238
Credit default swaps	784	333	451	Other assets	310	141
Energy and weather contracts	43,432	13,372	30,060	Other assets	3,286	26,774
Total	$54,382	$16,001	$38,381		$3,596	$34,785

At December 31, 2012	Derivative Liabilities Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$41	—	$41	Other liabilities	$41	$—
Foreign currency forward contracts (1)	4,173	—	4,173	Other liabilities	—	4,173
Foreign currency forward contracts (3)	579	53	526	Other liabilities	—	526
Energy and weather contracts	33,678	19,160	14,518	Other liabilities	—	14,518
Total	$38,471	$19,213	$19,258		$41	$19,217

(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.
(3) Contracts used to manage foreign currency risks in energy and risk operations.

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

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

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	
Three months ended June 30,		2013	2012
Interest rate futures	Net realized and unrealized (losses) gains on investments	$20,203	$(2,847)
Foreign currency forward contracts (1)	Net foreign exchange (losses) gains	(13,264)	(2,183)
Foreign currency forward contracts (2)	Net foreign exchange (losses) gains	(332)	1,899
Foreign currency forward contracts (3)	Net foreign exchange (losses) gains	(239)	376
Credit default swaps	Net realized and unrealized (losses) gains on investments	292	(24)
Energy and weather contracts	Other income (loss)	8,239	11,987
Total		$14,899	$9,208

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	
Six months ended June 30,		2013	2012
Interest rate futures	Net realized and unrealized (losses) gains on investments	$20,205	$(1,817)
Foreign currency forward contracts (1)	Net foreign exchange (losses) gains	(10,876)	1,369
Foreign currency forward contracts (2)	Net foreign exchange (losses) gains	1,346	(2,349)
Foreign currency forward contracts (3)	Net foreign exchange (losses) gains	1,306	513
Credit default swaps	Net realized and unrealized (losses) gains on investments	726	534
Energy and weather contracts	Other income (loss)	22,895	(16,726)
Total		$35,602	$(18,476)

(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.
(3) Contracts used to manage foreign currency risks in energy and risk operations.

The Company is not aware of the existence of any credit-risk related contingent features that it believes would be triggered in its derivative instruments that are in a net liability position at June 30, 2013.

Interest Rate Futures

The Company uses interest rate futures within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which can include increasing or decreasing its exposure to this risk. At June 30, 2013, the Company had $987.5 million of notional long positions and $451.6 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (December 31, 2012 – $377.8 million and $310.7 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 June 30, 2013, the Company had outstanding underwriting related foreign currency contracts of $306.8 million in notional long positions and $217.9 million in notional short positions, denominated in U.S. dollars (December 31, 2012 – $446.2 million and $119.5 million, respectively).

Investment Portfolio Related Foreign Currency Forward Contracts

The Company’s investment operations are exposed to currency fluctuations through its investments in non-U.S. dollar fixed maturity investments, short term investments and other investments. To economically hedge its exposure to currency fluctuations from these investments, the Company has entered into foreign currency forward contracts. Foreign exchange gains (losses) associated with the Company’s hedging of these non-U.S. dollar investments are recorded in net foreign exchange gains (losses) in its consolidated statements of operations. The fair value of the Company's investment portfolio related foreign currency forward contracts is determined using an interpolated rate based on closing forward market rates. At June 30, 2013, the Company had outstanding investment portfolio related foreign currency contracts of $282.4 million in notional long positions and $377.8 million in notional short positions, denominated in U.S. dollars (December 31, 2012 – $176.7 million and $217.4 million, respectively).

Energy and Risk Operations Related Foreign Currency Contracts

The Company’s energy and risk operations are exposed to currency fluctuations through certain derivative transactions it enters into that are denominated in non-U.S. dollars. The Company may, from time to time, 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 these operations. The fair value of the Company's energy and risk operations related foreign currency contracts is based on exchange traded prices. At June 30, 2013, the Company’s energy and risk operations had foreign currency contracts of $Nil in notional long positions and $32.9 million in notional short positions, denominated in U.S. dollars (December 31, 2012 – $Nil and $38.2 million, respectively).

Credit Derivatives

The Company’s exposure to credit risk is primarily due to its fixed maturity investments, short term investments, premiums receivable and reinsurance recoverable. From time to time, the Company purchases credit derivatives to hedge its exposures in the insurance industry, and to assist in managing the credit risk associated with ceded reinsurance. The Company also employs credit derivatives in its investment portfolio to either assume credit risk or hedge its credit exposure. The fair value of the credit derivatives is determined using industry valuation models, broker bid indications or internal pricing valuation techniques. The fair value of these credit derivatives can change based on a variety of factors including changes in credit spreads, default rates and recovery rates, the correlation of credit risk between the referenced credit and the counterparty, and market rate inputs such as interest rates. At June 30, 2013, the Company had outstanding credit derivatives of $5.0 million in notional long positions and $13.3 million in notional short positions, denominated in U.S. dollars (December 31, 2012 – $46.1 million and $24.0 million, respectively).

Energy and Weather-Related Derivatives

The Company transacts in certain derivative-based risk management products primarily to address weather and energy risks, as part of its weather risk management business operations, and engages in hedging and trading activities related to these risks. The trading markets for these derivatives are generally linked to energy and agriculture commodities, weather and other natural phenomena. Currently, a percentage of the Company’s derivative-based risk management products are transacted on a dual-trigger basis combining weather or other natural phenomenon, with prices for commodities or securities related to energy or agriculture. The fair value of these contracts is obtained through the use of quoted market prices, or in the absence of such quoted prices, industry or internal valuation models, and is recorded on the consolidated balance sheets on a net-by-counterparty basis where the Company believes a legal right of setoff exists under an enforceable netting arrangement. Generally, the Company's current portfolio of such derivative contracts is of comparably short duration and such contracts are predominantly seasonal in nature. Over time, the Company currently expects that its participation in these markets, and the impact of these operations on its financial results, is likely to change, on both an absolute and relative basis.

As of the dates set forth below, the Company had the following gross derivative contract positions outstanding relating to its energy and weather derivatives trading activities.

	Quantity (1)		
	June 30, 2013	December 31, 2012	Unit of measurement
Energy	139,882,437	107,521,592	One million British thermal units ("MMBTUs")
Temperature	15,343,625	8,168,052	$ per Degree Day Fahrenheit
Precipitation	2,048,044	4,453,934	$ per Inch

(1) Represents the sum of gross long and gross short derivative contracts.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

There are no material changes from the commitments and contingencies previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

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 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 which are discussed in its loss reserves discussion. 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. 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.

Other Items

On May 15, 2013, the Company announced that effective July 1, 2013, Mr. Currie, its Chief Executive Officer, would retire and Mr. Currie's responsibilities would be assumed by Mr. O'Donnell, the Company's President and Chief Underwriting Officer. As part of this transition, Mr. Currie ceased to serve as an officer and director of the Company on July 1, 2013. Mr. Currie will remain an employee of the Company through February 22, 2014 (the "Separation Date"), the remaining term of Mr. Currie's amended and restated employment agreement. Until the Separation Date, Mr. Currie will continue to receive all payments and benefits set forth in his employment agreement. At the Separation Date, Mr. Currie will be entitled to the separation payments and benefits as provided his employment agreement. In conjunction therewith, in the second quarter of 2013, the Company expensed $16.8 million in total compensation, benefits and other related expenses including the unamortized balance of stock-based compensation Mr. Currie is expected to

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receive under the terms of his employment agreement and the transition agreement entered into between the Company and Mr. Currie in connection with Mr. Currie's retirement, subject to Mr. Currie's continued compliance with the non-competition and non-interference covenants set forth therein.

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

The following tables present condensed consolidating balance sheets at June 30, 2013 and December 31, 2012, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three and six months ended June 30, 2013 and 2012, and condensed consolidating statements of cash flows for the six months ended June 30, 2013 and 2012, respectively, for RenaissanceRe, RRNAH and RenaissanceRe’s other subsidiaries. RRNAH is a 100% owned subsidiary of RenaissanceRe.

On March 17, 2010, RRNAH issued, and RenaissanceRe guaranteed, $250.0 million of 5.75% Senior Notes due March 15, 2020, with interest on the notes payable on March 15 and September 15. The notes can be redeemed by RRNAH prior to maturity, subject to payment of a “make-whole” premium. The notes, which are senior obligations, 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.

Condensed Consolidating Balance Sheet at June 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets					
Total investments	$133,913	$18,206	$6,017,090	$—	$6,169,209
Cash and cash equivalents	1,636	4,254	279,704	—	285,594
Investments in subsidiaries	3,276,484	133,049	—	(3,409,533)	—
Due from subsidiaries and affiliates	90,095	—	—	(90,095)	—
Premiums receivable	—	—	954,142	—	954,142
Prepaid reinsurance premiums	—	—	214,804	—	214,804
Reinsurance recoverable	—	—	175,103	—	175,103
Accrued investment income	—	44	26,614	—	26,658
Deferred acquisition costs	—	—	125,682	—	125,682
Other assets	114,485	25,635	501,562	(125,491)	516,191
Total assets	$3,616,613	$181,188	$8,294,701	$(3,625,119)	$8,467,383
Liabilities, Noncontrolling Interests and Shareholders' Equity					
Liabilities					
Reserve for claims and claim expenses	$—	$—	$1,710,408	$—	$1,710,408
Unearned premiums	—	—	970,017	—	970,017
Debt	—	249,385	1,026	—	250,411
Amounts due to subsidiaries and affiliates	36,176	5,815	—	(41,991)	—
Reinsurance balances payable	—	—	387,425	—	387,425
Other liabilities	12,140	6,954	662,523	(1,608)	680,009
Total liabilities	48,316	262,154	3,731,399	(43,599)	3,998,270
Redeemable noncontrolling interest – DaVinciRe	—	—	897,123	—	897,123
Shareholders' Equity					
Total shareholders' equity	3,568,297	(80,966)	3,666,179	(3,581,520)	3,571,990
Total liabilities, noncontrolling interests and shareholders' equity	$3,616,613	$181,188	$8,294,701	$(3,625,119)	$8,467,383

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Balance Sheet at December 31, 2012	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets					
Total investments	$572,139	$49,618	$5,738,890	$—	$6,360,647
Cash and cash equivalents	6,298	1,528	317,532	—	325,358
Investments in subsidiaries	2,864,793	113,856	—	(2,978,649)	—
Due from subsidiaries and affiliates	53,296	117	—	(53,413)	—
Premiums receivable	—	—	491,365	—	491,365
Prepaid reinsurance premiums	—	—	77,082	—	77,082
Reinsurance recoverable	—	—	192,512	—	192,512
Accrued investment income	2,535	69	30,874	—	33,478
Deferred acquisition costs	—	—	52,622	—	52,622
Other assets	175,105	15,754	320,198	(115,493)	395,564
Total assets	$3,674,166	$180,942	$7,221,075	$(3,147,555)	$7,928,628
Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity					
Liabilities					
Reserve for claims and claim expenses	$—	$—	$1,879,377	$—	$1,879,377
Unearned premiums	—	—	399,517	—	399,517
Debt	100,000	249,339	2,436	—	351,775
Amounts due to subsidiaries and affiliates	11,371	5,593	—	(16,964)	—
Reinsurance balances payable	—	—	290,419	—	290,419
Other liabilities	59,730	4,572	469,381	(1,458)	532,225
Total liabilities	171,101	259,504	3,041,130	(18,422)	3,453,313
Redeemable noncontrolling interest – DaVinciRe	—	—	968,259	—	968,259
Shareholders' Equity					
Total shareholders' equity	3,503,065	(78,562)	3,211,686	(3,129,133)	3,507,056
Total liabilities, redeemable noncontrolling interest and shareholders' equity	$3,674,166	$180,942	$7,221,075	$(3,147,555)	$7,928,628

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the three months ended June 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues					
Net premiums earned	$—	$—	$291,889	$—	$291,889
Net investment income	668	71	27,564	(979)	27,324
Net foreign exchange (losses) gains	—	(2)	(1,083)	—	(1,085)
Equity in earnings of other ventures	—	—	3,772	—	3,772
Other (loss) income	—	(1,404)	2,185	(150)	631
Net realized and unrealized losses on investments	(158)	(145)	(69,241)	—	(69,544)
Total revenues	510	(1,480)	255,086	(1,129)	252,987
Expenses					
Net claims and claim expenses incurred	—	—	103,962	—	103,962
Acquisition expenses	—	—	31,767	—	31,767
Operational expenses	(1,241)	1,568	42,344	148	42,819
Corporate expenses	21,007	59	522	—	21,588
Interest expense	—	3,616	684	—	4,300
Total expenses	19,766	5,243	179,279	148	204,436
(Loss) income before equity in net income (loss) of subsidiaries and taxes	(19,256)	(6,723)	75,807	(1,277)	48,551
Equity in net income (loss) of subsidiaries	53,545	(400)	—	(53,145)	—
Income (loss) before taxes	34,289	(7,123)	75,807	(54,422)	48,551
Income tax (expense) benefit	—	(313)	66	—	(247)
Net income (loss)	34,289	(7,436)	75,873	(54,422)	48,304
Net income attributable to noncontrolling interests	—	—	(14,015)	—	(14,015)
Net income (loss) attributable to RenaissanceRe	34,289	(7,436)	61,858	(54,422)	34,289
Dividends on preference shares	(7,483)	—	—	—	(7,483)
Net income (loss) attributable to RenaissanceRe common shareholders	$26,806	$(7,436)	$61,858	$(54,422)	$26,806

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended June 30, 2013	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income (loss)					
Net income (loss)	$34,289	$(7,436)	$75,873	$(54,422)	$48,304
Change in net unrealized gains on investments	—	—	(1,141)	—	(1,141)
Comprehensive income (loss)	34,289	(7,436)	74,732	(54,422)	47,163
Net income attributable to noncontrolling interests	—	—	(14,015)	—	(14,015)
Comprehensive income attributable to noncontrolling interests	—	—	(14,015)	—	(14,015)
Comprehensive income (loss) attributable to RenaissanceRe	$34,289	$(7,436)	$60,717		