RENAISSANCERE HOLDINGS LTD
Form 10-Q
April 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
Q QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2014
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 April 25, 2014 was 40,548,936.

RENAISSANCERE HOLDINGS LTD.
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NOTE ON FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

In particular, statements using words such as “may”, “should”, “estimate”, “expect”, “anticipate”, “intends”, “believe”, “predic “potential”, or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates. This Form 10-Q also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the reinsurance and insurance industries.

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

- we are exposed to significant losses from catastrophic events and other exposures that we cover, which we expect to cause significant volatility in our financial results from time to time;
- the inherent uncertainties in our reserving process, particularly as regards to large catastrophic events and longer tail casualty lines, the uncertainties of which we expect to increase as our product and geographical diversity increases over time;
- the frequency and severity of catastrophic and other events which we cover could exceed our estimates and cause losses greater than we expect;
- the risk of the lowering or loss of any of the financial strength, claims paying or enterprise wide risk management ratings of RenaissanceRe Holdings Ltd. (“RenaissanceRe”) or of one or more of our subsidiaries or changes in the policies or practices of the rating agencies;
- risks associated with appropriately modeling, pricing for, and contractually addressing new or potential factors in loss emergence, such as the trend toward potentially significant global warming and other aspects of climate change which have the potential to adversely affect our business, any of which could cause us to underestimate our exposures and potentially adversely impact our financial results;
- the risk we might be bound to policyholder obligations beyond our underwriting intent, or unable to enforce our own intent in respect of retrocessional arrangements, including in each case due to emerging claims and coverage issues;
- risks due to our increasing reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- the risk that our customers may fail to make premium payments due to us, as well as the risk of failures of our reinsurers, brokers or other counterparties to honor their obligations to us, including as regards to large catastrophic events, and also including their obligations to make third party payments for which we might be liable;
- a contention by the Internal Revenue Service that Renaissance Reinsurance Ltd. (“Renaissance Reinsurance”), or any of our other Bermuda subsidiaries, is subject to U.S. taxation;
- other risks relating to potential adverse tax developments, including potential changes to the taxation of inter-company or related party transactions, or potential changes to the tax treatment of investors in RenaissanceRe or our joint ventures or other entities we manage;

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- risks relating to adverse legislative developments that could reduce the size of the private markets we serve, or impede their future growth, including proposals to shift United States ("U.S.") catastrophe risks to federal mechanisms; similar proposals at the state level in the U.S., including the risk of legislation in Florida to expand the reinsurance coverage offered by the Florida Hurricane Catastrophe Fund ("FHCF") and the insurance policies written by Citizens Property Insurance Corporation ("Citizens"), or failing to implement reforms to reduce such coverage; risks of adverse legislation in relation to U.S. flood insurance or the failure to implement such legislation; and the risk that new legislation will be enacted in the international markets we serve which might reduce market opportunities in the private sector, weaken our customers or otherwise adversely impact us;
- risks relating to the inability, or delay, in the claims paying ability of Citizens, FHCF or of private market participants in Florida, particularly following a large windstorm or of multiple smaller storms, which we believe would weaken or destabilize the Florida market and give rise to an unpredictable range of impacts which might be adverse to us, perhaps materially so;
- risks associated with our investment portfolio, including the risk that our investment assets may fail to yield attractive or even positive results; and the risk that investment managers may breach our investment guidelines, or the inability of such guidelines to mitigate investment risks;
- risks associated with implementing our business strategies and initiatives, including risks related to developing or enhancing the operations, controls and other infrastructure necessary in respect of our more recent, new or proposed initiatives, and the risk that we may fail to succeed in our business or financing plans for these initiatives;
- risks that certain of our new or potentially expanding business lines could have a significant negative impact on our financial results or cause significant volatility in our results for any particular period;
- risks associated with potential for loss of services of any one of our key senior officers, the risk that we fail to attract or retain the executives and employees necessary to manage our business, and difficulties associated with the transition of members of our senior management team for new or expanded roles necessary to execute our strategic and tactical plans, including in connection with the senior management transition we announced during the second quarter of 2013;
- risks associated with the management of our operations as our product and geographical diversity increases over time, including the potential inability to allocate sufficient resources to our strategic and tactical plans or to address additional industry or regulatory developments and requirements;
- changes in economic conditions, including interest rate, currency, equity and credit conditions which could affect our investment portfolio or declines in our investment returns for other reasons which could reduce our profitability and hinder our ability to pay claims promptly in accordance with our strategy, which risks we believe are currently enhanced in light of the current uncertainty regarding U.S. fiscal policy and the recent period of relative economic weakness, both globally, particularly in respect of Eurozone countries and companies, and in the U.S.;
- risks associated with highly subjective judgments, such as valuing our more illiquid assets, and determining the impairments taken on our investments, all of which impact our reported financial position and operating results;
- risks associated with our retrocessional reinsurance protection, including the risks that the coverages and protections we seek may become unavailable or only available on unfavorable terms, that the forms of retrocessional protection available in the market on acceptable terms may give rise to more risk in our net portfolio than we find desirable or that we correctly identify, or that we are otherwise unable to cede our own assumed risk to third parties; and the risk that providers of protection do not meet their obligations to us or do not do so on a timely basis;
- risks associated with inflation, which could cause loss costs to increase, and impact the performance of our investment portfolio, thereby adversely impacting our financial position or operating results;
- operational risks, including system or human failures, which risks could result in our incurring material losses;

- risks in connection with our management of capital on behalf of investors in joint ventures or other entities we manage, such as failing to comply with complex laws and regulations relating to the management of such capital or the potential rights of third party investors, which failure could result in our incurring significant liabilities, penalties or other losses;
- risks that we may require additional capital in the future, particularly after a catastrophic event or to support potential growth opportunities in our business, which may not be available or may be available only on unfavorable terms;
- risks relating to our potential failure to comply with covenants in our debt agreements, which failure could provide our lenders the right to accelerate our debt which would adversely impact us;
- the risk of potential challenges to the claim of exemption from insurance regulation of RenaissanceRe and certain of our subsidiaries in certain jurisdictions under certain current laws and the risk of increased global regulation of the insurance and reinsurance industry;
- risks relating to the inability of our operating subsidiaries to declare and pay dividends, which could cause us to be unable to pay dividends to our shareholders or to repay our indebtedness;
- the risk that there could be regulatory or legislative changes adversely impacting us, as a Bermuda-based company, relative to our competitors, or actions taken by multinational organizations having such an impact;
- risks relating to operating in a highly competitive environment, which we expect to continue to increase over time from new competition from traditional and non-traditional participants, particularly as capital markets products provide alternatives and replacements for more traditional reinsurance and insurance products, as new entrants or existing competitors attempt to replicate our business model, and as a result of consolidation in the (re)insurance industry;
- risks arising out of possible changes in the distribution or placement of risks due to increased consolidation of customers or insurance and reinsurance brokers; and
- risks relating to changes in regulatory regimes and/or accounting rules, which could result in significant changes to our financial results, including but not limited to, the European Union directive concerning capital adequacy, risk management and regulatory reporting for insurers.

The factors listed above should not be construed as exhaustive. Certain of these risk factors and others are described in more detail from time to time in our filings with the U.S. Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K (“Form 10-K”) for the year ended December 31, 2013. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Balance Sheets
(in thousands of United States Dollars, except per share amounts)

Assets	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
Fixed maturity investments trading, at fair value		
(Amortized cost $4,532,381 and $4,781,712 at March 31, 2014 and December 31, 2013, respectively)	$4,587,412	$4,809,036
Fixed maturity investments available for sale, at fair value		
(Amortized cost $26,402 and $30,273 at March 31, 2014 and December 31, 2013, respectively)	30,205	34,241
Short term investments, at fair value	977,778	1,044,779
Equity investments trading, at fair value	245,267	254,776
Other investments, at fair value	576,099	573,264
Investments in other ventures, under equity method	106,332	105,616
Total investments	6,523,093	6,821,712
Cash and cash equivalents	327,163	408,032
Premiums receivable	668,788	474,087
Prepaid reinsurance premiums	207,752	66,132
Reinsurance recoverable	98,962	101,025
Accrued investment income	27,351	34,065
Deferred acquisition costs	121,890	81,684
Receivable for investments sold	84,396	75,845
Other assets	96,251	108,438
Goodwill and other intangible assets	8,059	8,111
Total assets	$8,163,705	$8,179,131
Liabilities, Noncontrolling Interests and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	$1,532,883	$1,563,730
Unearned premiums	783,321	477,888
Debt	249,453	249,430
Reinsurance balances payable	468,644	293,022
Payable for investments purchased	179,519	193,221
Other liabilities	200,626	397,596
Total liabilities	3,414,446	3,174,887
Commitments and Contingencies		
Redeemable noncontrolling interest	986,981	1,099,860
Shareholders' Equity		
Preference shares: $1.00 par value – 16,000,000 shares issued and outstanding at March 31, 2014 (December 31, 2013 – 16,000,000)	400,000	400,000
Common shares: $1.00 par value – 40,855,729 shares issued and outstanding at March 31, 2014 (December 31, 2013 – 43,646,436)	40,856	43,646
Accumulated other comprehensive income	3,963	4,131
Retained earnings	3,317,459	3,456,607
Total shareholders' equity attributable to RenaissanceRe	3,762,278	3,904,384
Total liabilities, noncontrolling interests and shareholders' equity	$8,163,705	$8,179,131

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the three months ended March 31, 2014 and 2013
(in thousands of United States Dollars, except per share amounts) (Unaudited)

	Three months ended	
	March 31, 2014	March 31, 2013
Revenues		
Gross premiums written	$705,260	$635,418
Net premiums written	$450,347	$436,813
Increase in unearned premiums	(163,813)	(165,558)
Net premiums earned	286,534	271,255
Net investment income	38,948	43,202
Net foreign exchange (losses) gains	(1,061)	614
Equity in earnings of other ventures	4,199	5,835
Other income (loss)	62	(1,709)
Net realized and unrealized gains on investments	14,927	14,269
Total revenues	343,609	333,466
Expenses		
Net claims and claim expenses incurred	58,915	27,251
Acquisition expenses	33,700	25,009
Operational expenses	42,624	45,986
Corporate expenses	4,545	4,482
Interest expense	4,293	5,034
Total expenses	144,077	107,762
Income from continuing operations before taxes	199,532	225,704
Income tax expense	(166)	(122)
Income from continuing operations	199,366	225,582
Income from discontinued operations	—	9,774
Net income	199,366	235,356
Net income attributable to noncontrolling interests	(42,768)	(38,607)
Net income attributable to RenaissanceRe	156,598	196,749
Dividends on preference shares	(5,595)	(6,275)
Net income available to RenaissanceRe common shareholders	$151,003	$190,474
Income from continuing operations available to RenaissanceRe common shareholders per common share – basic	$3.61	$4.10
Income from discontinued operations available to RenaissanceRe common shareholders per common share – basic	—	0.22
Net income available to RenaissanceRe common shareholders per common share – basic	$3.61	$4.32
Income from continuing operations available to RenaissanceRe common shareholders per common share – diluted	$3.56	$4.01
Income from discontinued operations available to RenaissanceRe common shareholders per common share – diluted	—	0.22
Net income available to RenaissanceRe common shareholders per common share – diluted	$3.56	$4.23
Dividends per common share	$0.29	$0.28

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2014 and 2013
(in thousands of United States Dollars) (Unaudited)

	Three months ended March 31, 2014	March 31, 2013
Comprehensive income		
Net income	$199,366	$235,356
Change in net unrealized gains on investments	(168)	(7,572)
Comprehensive income	199,198	227,784
Net income attributable to noncontrolling interests	(42,768)	(38,607)
Comprehensive income attributable to noncontrolling interests	(42,768)	(38,607)
Comprehensive income attributable to RenaissanceRe	$156,430	$189,177
Disclosure regarding net unrealized gains		
Total realized and net unrealized holding losses on investments and net other-than-temporary impairments	$(168)	$(1,711)
Net realized gains on fixed maturity investments available for sale	—	(5,861)
Change in net unrealized gains on investments	$(168)	$(7,572)

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2014 and 2013
(in thousands of United States Dollars) (Unaudited)

	Three months ended March 31, 2014	March 31, 2013
Preference shares		
Balance – January 1	$400,000	$400,000
Balance – March 31	400,000	400,000
Common shares		
Balance – January 1	43,646	45,542
Repurchase of shares	(2,978)	(1,369)
Exercise of options and issuance of restricted stock awards	188	337
Balance – March 31	40,856	44,510
Additional paid-in capital		
Balance – January 1	—	—
Repurchase of shares	4,179	(429)
Change in noncontrolling interests	(35)	267
Exercise of options and issuance of restricted stock awards	(4,144)	162
Balance – March 31	—	—
Accumulated other comprehensive income		
Balance – January 1	4,131	13,622
Change in net unrealized gains on investments	(168)	(7,572)
Balance – March 31	3,963	6,050
Retained earnings		
Balance – January 1	3,456,607	3,043,901
Net income	199,366	235,356
Net income attributable to noncontrolling interests	(42,768)	(38,607)
Repurchase of shares	(278,252)	(109,501)
Dividends on common shares	(11,899)	(12,329)
Dividends on preference shares	(5,595)	(6,275)
Balance – March 31	3,317,459	3,112,545
Noncontrolling interest	—	3,747
Total shareholders' equity	$3,762,278	$3,566,852

See accompanying notes to the consolidated financial statements

Holdings Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2014 and 2013
(in thousands of United States Dollars) (Unaudited)

	Three months ended	
	March 31, 2014	March 31, 2013
Cash flows provided by operating activities		
Net income	$199,366	$235,356
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization, accretion and depreciation	8,305	12,989
Equity in undistributed earnings of other ventures	(1,204)	(6,953)
Net realized and unrealized gains on investments	(14,927)	(14,271)
Net unrealized gains included in net investment income	(4,980)	(15,071)
Net unrealized losses included in other income (loss)	—	(9,776)
Change in:		
Premiums receivable	(194,701)	(163,003)
Prepaid reinsurance premiums	(141,620)	(93,134)
Reinsurance recoverable	2,063	29,564
Deferred acquisition costs	(40,206)	(25,292)
Reserve for claims and claim expenses	(30,847)	(123,594)
Unearned premiums	305,433	258,692
Reinsurance balances payable	175,622	90,520
Other	(215,665)	(47,525)
Net cash provided by operating activities	46,639	128,502
Cash flows provided by investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	1,996,035	2,349,666
Purchases of fixed maturity investments trading	(1,768,996)	(2,075,088)
Proceeds from sales and maturities of fixed maturity investments available for sale	4,090	37,699
Net (purchases) sales of equity investments trading	(279)	67,073
Net sales (purchases) of short term investments	67,313	(192,557)
Net sales of other investments	2,116	33,080
Net sales of investments in other ventures	915	—
Net cash provided by investing activities	301,194	219,873
Cash flows used in financing activities		
Dividends paid – RenaissanceRe common shares	(11,899)	(12,329)
Dividends paid – preference shares	(5,595)	(6,275)
RenaissanceRe common share repurchases	(262,736)	(111,299)
Net repayment of debt	—	(97,483)
Net third party redeemable noncontrolling interest share transactions	(147,943)	(114,154)
Net cash used in financing activities	(428,173)	(341,540)
Effect of exchange rate changes on foreign currency cash	(529)	3,432
Net (decrease) increase in cash and cash equivalents	(80,869)	10,267
Net increase in cash and cash equivalents of discontinued operations	—	(24,332)
Cash and cash equivalents, beginning of period	408,032	304,145
Cash and cash equivalents, end of period	$327,163	$290,080

See accompanying notes to the consolidated financial statements

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014
(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 ("Form 10-K") for the fiscal year ended December 31, 2013.

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. ("RenaissanceRe Specialty Risks"), is a Bermuda-domiciled excess and surplus lines insurance company that is listed on the National Association of Insurance Commissioners' International Insurance Department's Quarterly List of Alien Insurers as an eligible surplus lines insurer. RenaissanceRe Underwriting Managers U.S. LLC ("RenaissanceRe Underwriting Managers U.S."), a specialty reinsurance agency domiciled in Connecticut, provides specialty treaty reinsurance solutions on both a quota share and excess of loss basis; and writes business on behalf of RenaissanceRe Specialty U.S. Ltd. ("RenaissanceRe Specialty U.S."), a Bermuda-domiciled reinsurer launched in June 2013 which operates subject to U.S. federal income tax, and Syndicate 1458.
- Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon Reinsurance II Ltd. ("Upsilon Re II"), a Bermuda domiciled special purpose insurer ("SPI"), to provide additional capacity to the worldwide aggregate and per-occurrence primary and retrocessional property catastrophe excess of loss market. Effective December 11, 2013, Upsilon Re II was renamed Upsilon Reinsurance Fund Opportunities Ltd. ("Upsilon RFO"). Upsilon RFO is considered a variable interest entity ("VIE") and the Company is considered the primary beneficiary. As a result, Upsilon RFO is consolidated by the Company and all significant inter-company transactions have been eliminated.
- RenaissanceRe Medici Fund Ltd. ("Medici") is an exempted fund, incorporated under the laws of Bermuda. Medici's objective is to seek to invest substantially all of its assets in various insurance-based investment instruments that have returns primarily tied to property catastrophe risk. During 2013, third-party investors subscribed for a portion of the participating, non-voting common shares of

Medici. Because the Company owns a noncontrolling equity interest in, but controls all of the outstanding voting power of Medici, the results of Medici are consolidated in the Company's financial statements. Redeemable noncontrolling interest - Medici represents the interests of external parties with respect to the net income and shareholders' equity of Medici.

- On August 30, 2013, RenaissanceRe entered into a purchase agreement with a subsidiary of Munich-American Holding Corporation (together with applicable affiliates, "Munich") to sell the Company's U.S.-based weather and weather-related energy risk management unit, which principally included RenRe Commodity Advisors LLC ("RRCA"), Renaissance Trading Ltd. ("Renaissance Trading") and RenRe Energy Advisors Ltd. (collectively referred to as "REAL"). REAL offered certain derivative-based risk management products primarily to address weather and energy risk and engaged in hedging and trading activities related to those transactions. On October 1, 2013, RenaissanceRe closed the sale of REAL to Munich. In the third quarter of 2013, the Company classified the assets and liabilities associated with this transaction as held for sale. The financial results for these operations have been presented in the Company's consolidated financial statements as "discontinued operations" for all periods presented. Refer to "Note 3. Discontinued Operations", for more information.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the Company's significant accounting policies as described in its Form 10-K for the year ended December 31, 2013, except as noted below.

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 consolidated financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. Except as discussed in "Note 3. Discontinued Operations," and unless otherwise noted, the notes to the consolidated financial statements reflect the Company's continuing operations.

Certain comparative information has been reclassified to conform to the current presentation. Because of the seasonality of the Company's business, the results of operations and cash flows for any interim period will not necessarily be indicative of the results of operations and cash flows for the full fiscal year or subsequent quarters.

USE OF ESTIMATES IN FINANCIAL STATEMENTS

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

DISCONTINUED OPERATIONS

The results of operations of REAL, which has been sold to an unaffiliated third party, is classified as held for sale and reported as discontinued operations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic Discontinued Operations. The consolidated financial statements and notes thereto are presented excluding the operations and cash flows of the discontinued operations from the continuing operations of the Company since the Company will not have any significant continuing involvement in the operations after the sale. The financial position and results of operations of discontinued operations are presented as single line items on the consolidated balance sheets and statements of operations, respectively. Certain prior year comparatives have been reclassified to conform to the current year presentation.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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 became effective for annual and interim reporting periods beginning after December 15, 2013. The Company prospectively adopted ASU 2013-11 effective January 1, 2014 and the adoption of this guidance did not have a material impact on the Company’s consolidated statements of operations and financial position.

Financial Services - Investment Companies (Topic 946) Amendments to the Scope, Measurement, and Disclosure Requirements

In June 2013, the FASB issued ASU No. 2013-08, Amendments to the Scope, Measurement, and Disclosure Requirements (“ASU 2013-08”). The objective of ASU 2013-08 is to change the approach to the investment company assessment, clarify the characteristics of an investment company and provide comprehensive guidance for assessing whether an entity is an investment company. In addition, ASU 2013-08 will require an investment company to measure noncontrolling ownership interests in other investment companies at fair value rather than using the equity method of accounting and require the following additional disclosures: (a) the fact that the entity is an investment company and is applying the guidance, (b) information about changes, if any, in an entity’s status as an investment company, and (c) information about financial support provided or contractually required to be provided by an investment company to any of its investees. ASU 2013-08 became effective for annual and interim reporting periods beginning after December 15, 2013. The Company prospectively adopted ASU 2013-08 effective January 1, 2014 and 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

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (“ASU 2014-08”). The objective of ASU 2014-08 is to improve the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity’s operations and financial results. ASU 2014-08 will also require expanded disclosures for discontinued operations and require an entity to disclose the pretax profit or loss of an individually significant component of an entity that does not qualify for discontinued operations reporting. ASU 2014-08 is prospectively effective for public business entities in annual periods beginning on or after December 15, 2014, and interim periods beginning on or after December 15, 2015. Entities may early adopt ASU 2014-08 for new disposals that have not been reported in the consolidated financial statements previously issued or available for issuance. 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. DISCONTINUED OPERATIONS

REAL

On August 30, 2013, RenaissanceRe entered into a purchase agreement with Munich to sell REAL and, on October 1, 2013, RenaissanceRe closed the sale of REAL to Munich. In the third quarter of 2013, the Company classified the assets and liabilities associated with this transaction as held for sale and the financial results are reflected in the Company's consolidated financial statements as "discontinued operations." Consideration for the transaction was $60.0 million, paid in cash at closing, subject to post-closing adjustments for certain tax and other items. The Company recorded a loss on sale of $8.8 million in the third quarter of 2013 in conjunction with the sale, including related direct expenses.

Except as explicitly described as held for sale or as discontinued operations, and unless otherwise noted, all discussions and amounts presented herein relate to the Company's continuing operations. All prior periods presented have been reclassified to conform to this form of presentation.

The Company did not have any assets, liabilities or shareholder's equity of discontinued operations held for sale related to REAL at March 31, 2014 or December 31, 2013.

Details of the income from discontinued operations for the three months ended March 31, 2014 and 2013 are as follows and relate entirely to REAL:

	Three months ended	
	March 31, 2014	March 31, 2013
Revenues		
Net investment loss	$—	$(8)
Net foreign exchange gains	—	1,142
Other income	—	8,713
Net realized and unrealized gains on investments	—	2
Total revenues	—	9,849
Expenses		
Operational expenses	—	28
Corporate expenses	—	47
Total expenses	—	75
Income from discontinued operations	$—	$9,774

Renaissance Trading Guarantees

At March 31, 2014, RenaissanceRe had provided guarantees in the aggregate amount of $32.6 million to certain counterparties of the weather and energy risk operations of Renaissance Trading, subsequently renamed Munich Re Trading LLC, one of the entities acquired by Munich in the REAL transaction. Although certain guarantees issued by RenaissanceRe to certain counterparties of Renaissance Trading remained in effect at March 31, 2014, in conjunction with the purchase agreement of REAL, Munich has agreed, effective October 1, 2013, to indemnify RenaissanceRe against any liabilities, losses and damages that may arise as a result of any transaction between Renaissance Trading and a counterparty that has been provided a guarantee by RenaissanceRe.

NOTE 4. INVESTMENTS

Fixed Maturity Investments Trading

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

	March 31, 2014	December 31, 2013
U.S. treasuries	$1,539,995	$1,352,413
Agencies	134,461	186,050
Non-U.S. government (Sovereign debt)	298,080	334,580
Non-U.S. government-backed corporate	220,727	237,479
Corporate	1,495,481	1,803,415
Agency mortgage-backed	295,666	336,661
Non-agency mortgage-backed	251,909	243,795
Commercial mortgage-backed	336,321	303,214
Asset-backed	14,772	11,429
Total fixed maturity investments trading	$4,587,412	$4,809,036

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			
March 31, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Agency mortgage-backed	$4,434	$348	$—	$4,782	$—
Non-agency mortgage-backed	11,049	2,418	(4)	13,463	(720)
Commercial mortgage-backed	7,429	840	—	8,269	—
Asset-backed	3,490	201	—	3,691	—
Total fixed maturity investments available for sale	$26,402	$3,807	$(4)	$30,205	$(720)

		Included in Accumulated Other Comprehensive Income			
December 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Agency mortgage-backed	$4,880	$378	$(11)	$5,247	$—
Non-agency mortgage-backed	11,735	2,414	(6)	14,143	(742)
Commercial mortgage-backed	10,052	970	—	11,022	—
Asset-backed	3,606	223	—	3,829	—
Total fixed maturity investments available for sale	$30,273	$3,985	$(17)	$34,241	$(742)

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

Contractual maturities of fixed maturity investments are 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	
March 31, 2014	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$119,010	$119,599	$—	$—	$119,010	$119,599
Due after one through five years	2,951,583	2,963,494	—	—	2,951,583	2,963,494
Due after five through ten years	499,093	504,919	—	—	499,093	504,919
Due after ten years	81,215	100,732	—	—	81,215	100,732
Mortgage-backed	866,984	883,896	22,912	26,514	889,896	910,410
Asset-backed	14,496	14,772	3,490	3,691	17,986	18,463
Total	$4,532,381	$4,587,412	$26,402	$30,205	$4,558,783	$4,617,617

Equity Investments Trading

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

	March 31, 2014	December 31, 2013
Financials	$142,374	$152,905
Consumer	45,179	44,115
Industrial, utilities and energy	25,239	25,350
Healthcare	15,254	15,340
Basic materials	12,937	12,766
Communications and technology	4,284	4,300
Total	$245,267	$254,776

Pledged Investments

At March 31, 2014, $2,027.7 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 syndicated letter of credit facility and bilateral credit facility (December 31, 2013 - $2,081.1 million). Of this amount, $667.1 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities (December 31, 2013 - $652.8 million).

Reverse Repurchase Agreements

At March 31, 2014, the Company held $83.9 million (December 31, 2013 - $37.3 million) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of short term investments on the Company’s consolidated balance sheets. The required collateral for these loans typically include high-quality, readily marketable instruments at a minimum 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 March 31,	
	2014	2013
Fixed maturity investments	$23,860	$23,886
Short term investments	190	329
Equity investments	796	—
Other investments		
Hedge funds and private equity investments	12,317	14,880
Other	4,528	6,995
Cash and cash equivalents	91	52
	41,782	46,142
Investment expenses	(2,834)	(2,940)
Net investment income	$38,948	$43,202

The following table provides an analysis of the components of net realized and unrealized gains on investments.

	Three months ended March 31,	
	2014	2013
Gross realized gains	$13,467	$34,076
Gross realized losses	(5,564)	(4,554)
Net realized gains on fixed maturity investments	7,903	29,522
Net unrealized gains (losses) on fixed maturity investments trading	27,882	(23,063)
Net realized and unrealized (losses) gains on investments-related derivatives	(10,899)	421
Net realized (losses) gains on equity investments trading	(79)	17,561
Net unrealized losses on equity investments trading	(9,880)	(10,172)
Net realized and unrealized gains on investments	$14,927	$14,269

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

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

	Three months ended March 31, 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	(1,505)	(206)	(1,711)
Amounts reclassified from accumulated other comprehensive income by statement of operations line item:			
Realized gains reclassified from accumulated other comprehensive income to net realized and unrealized gains (losses) on investments	—	(5,861)	(5,861)
Net current-period other comprehensive loss	(1,505)	(6,067)	(7,572)
Ending balance	$120	$5,930	$6,050

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

	Less than 12 Months		12 Months or Greater		Total	
At March 31, 2014	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Non-agency mortgage-backed	$—	$—	$82	$(4)	$82	$(4)
Total	$—	$—	$82	$(4)	$82	$(4)

	Less than 12 Months		12 Months or Greater		Total	
December 31, 2013	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Agency mortgage-backed	$726	$(11)	$—	$—	$726	$(11)
Non-agency mortgage-backed	—	—	89	(6)	89	(6)
Commercial mortgage-backed	39	—	—	—	39	—
Total	$765	$(11)	$89	$(6)	$854	$(17)

At March 31, 2014, the Company held two fixed maturity investments available for sale securities that were in an unrealized loss position (December 31, 2013 - four), including two fixed maturity investments available for sale securities that were in an unrealized loss position for twelve months or greater (December 31, 2013 - two). The

Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities before the anticipated recovery of the remaining amortized cost basis. The Company performed reviews of its fixed maturity investments available for sale for the three months ended March 31, 2014 and 2013, respectively, in order to determine whether declines in the fair value below the amortized cost basis were considered other-than-temporary in accordance with the applicable guidance, as discussed below.

Other-Than-Temporary Impairment Process

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

For the three months ended March 31, 2014, 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 (2013 – $Nil and $Nil, respectively).

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

	Three months ended March 31,	
	2014	2013
Beginning balance	$561	$838
Reductions:		
Securities sold during the period	(16)	(27)
Ending balance	$545	$811

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NOTE 5. FAIR VALUE MEASUREMENTS

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

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

- Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities for which the Company has access. The fair value is determined by multiplying the quoted price by the quantity held by the Company;
- Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices; and
- Level 3 inputs are based all or in part on significant unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

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

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

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

At March 31, 2014	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	$1,539,995	$1,539,995	$—	$—
Agencies	134,461	—	134,461	—
Non-U.S. government (Sovereign debt)	298,080	—	298,080	—
Non-U.S. government-backed corporate	220,727	—	220,727	—
Corporate	1,495,481	—	1,458,343	37,138
Agency mortgage-backed	300,448	—	300,448	—
Non-agency mortgage-backed	265,372	—	265,372	—
Commercial mortgage-backed	344,590	—	344,590	—
Asset-backed	18,463	—	18,463	—
Total fixed maturity investments	4,617,617	1,539,995	3,040,484	37,138
Short term investments	977,778	—	977,778	—
Equity investments trading	245,267	245,267	—	—
Other investments				
Private equity partnerships	325,711	—	—	325,711
Catastrophe bonds	233,321	—	233,321	—
Senior secured bank loan funds	13,656	—	—	13,656
Hedge funds	3,411	—	—	3,411
Total other investments	576,099	—	233,321	342,778
Other assets and (liabilities)				
Derivatives (1)	4,790	676	5,421	(1,307)
Other	(1,362)	—	(1,362)	—
Total other assets and (liabilities)	3,428	676	4,059	(1,307)
	$6,420,189	$1,785,938	$4,255,642	$378,609

(1) See "Note 12. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

December 31, 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	$1,352,413	$1,352,413	$—	$—
Agencies	186,050	—	186,050	—
Non-U.S. government (Sovereign debt)	334,580	—	334,580	—
Non-U.S. government-backed corporate	237,479	—	237,479	—
Corporate	1,803,415	—	1,775,835	27,580
Agency mortgage-backed	341,908	—	341,908	—
Non-agency mortgage-backed	257,938	—	257,938	—
Commercial mortgage-backed	314,236	—	314,236	—
Asset-backed	15,258	—	15,258	—
Total fixed maturity investments	4,843,277	1,352,413	3,463,284	27,580
Short term investments	1,044,779	—	1,044,779	—
Equity investments trading	254,776	254,776	—	—
Other investments				
Private equity partnerships	322,391	—	—	322,391
Catastrophe bonds	229,016	—	229,016	—
Senior secured bank loan funds	18,048	—	—	18,048
Hedge funds	3,809	—	—	3,809
Total other investments	573,264	—	229,016	344,248
Other assets and (liabilities)				
Derivatives (1)	4,758	823	6,425	(2,490)
Other	(12,991)	—	(12,991)	—
Total other assets and (liabilities)	(8,233)	823	(6,566)	(2,490)
	$6,707,863	$1,608,012	$4,730,513	$369,338

(1) See “Note 12. 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 investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine month end prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing, however models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are

generally verified using third party data. Securities which are priced by an index provider are generally included in the index.

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

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

U.S. treasuries

Level 1 - At March 31, 2014, the Company’s U.S. treasuries fixed maturity investments are primarily priced by pricing services and had a weighted average effective yield of 0.9% and a weighted average credit quality of AA (December 31, 2013 - 0.8% and AA, respectively). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Agencies

Level 2 - At March 31, 2014, the Company’s agency fixed maturity investments had a weighted average effective yield of 1.6% and a weighted average credit quality of AA (December 31, 2013 - 1.3% 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 March 31, 2014 had a weighted average effective yield of 1.1% and a weighted average credit quality of AAA (December 31, 2013 - 1.3% 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 1.3% and a weighted average credit quality of AAA at March 31, 2014 (December 31, 2013 - 1.1% 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 March 31, 2014, the Company's corporate fixed maturity investments principally consist of U.S. and international corporations and had a weighted average effective yield of 2.9% and a weighted average credit quality of BBB (December 31, 2013 - 2.7% 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 March 31, 2014, 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 6.0 years (December 31, 2013 - 2.9%, AA and 6.2 years, respectively). The Company's agency mortgage-backed fixed maturity investments are primarily priced by pricing services using a mortgage pool specific model which utilizes daily inputs from the active to be announced market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with daily active market quotes.

Non-agency mortgage-backed

Level 2 - The Company's non-agency mortgage-backed fixed maturity investments include non-agency prime residential mortgage-backed and non-agency Alt-A fixed maturity investments. The Company has no fixed maturity investments classified as sub-prime held in its fixed maturity investments portfolio. At March 31, 2014, the Company's non-agency prime residential mortgage-backed fixed maturity investments have a weighted average effective yield of 3.3%, a weighted average credit quality of non-investment grade, and a weighted average life of 4.4 years (December 31, 2013 - 3.7%, BBB and 4.4 years, respectively). The Company's non-agency Alt-A fixed maturity investments held at March 31, 2014 have a weighted average effective yield of 4.3%, a weighted average credit quality of non-investment grade and a weighted average life of 4.4 years (December 31, 2013 - 4.7%, non-investment grade and 4.0 years, respectively). Securities held in these sectors are primarily priced by pricing services using an option adjusted spread model or other relevant models, which principally utilize inputs including benchmark yields, available trade information or broker quotes, and issuer spreads. The pricing services also review collateral prepayment speeds, loss severity and delinquencies among other collateral performance indicators for the securities valuation, when applicable.

Commercial mortgage-backed

Level 2 - The Company's commercial mortgage-backed fixed maturity investments held at March 31, 2014 have a weighted average effective yield of 2.1%, a weighted average credit quality of AA, and a weighted average life of 3.8 years (December 31, 2013 - 2.1%, AA and 3.3 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 March 31, 2014, the Company's asset-backed fixed maturity investments had a weighted average effective yield of 1.6%, a weighted average credit quality of AAA and a weighted average life of 2.8 years (December 31, 2013 - 2.0%, 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 is generally determined using amortized cost which approximates fair value and, in certain cases, in a manner similar to the Company's fixed maturity investments noted above.

Equity Investments, Classified as Trading

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

Other investments

Catastrophe bonds

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

Other assets and liabilities

Derivatives

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

Other

Level 2 - The liabilities measured at fair value and included in Level 2 at March 31, 2014 of $1.4 million are comprised of cash settled restricted stock units ("CSRSU") that form part of the Company's compensation program. The fair value of the Company's CSRSUs is determined using observable exchange traded prices for the Company's common shares.

Level 3 Assets and Liabilities Measured at Fair Value

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

At March 31, 2014	Fair Value (Level 3)	Valuation Technique	Unobservable (U) and Observable (O) Inputs	Low	High	Weighted Average or Actual
Fixed maturity investments						
Corporate	$15,846	Discounted cash flow (“DCF”)	Credit spread (U)	n/a	n/a	2.1 %
			Liquidity discount (U)	n/a	n/a	1.0 %
			Risk-free rate (O)	n/a	n/a	0.3 %
			Dividend rate (O)	n/a	n/a	6.2 %
Corporate	21,292	Internal valuation model	Private transaction (U)	n/a	n/a	See below
Total fixed maturity investments	37,138					
Other investments						
Private equity partnerships	325,711	Net asset valuation	Estimated performance (U)	(4.4)%	75.5 %	4.1 %
Senior secured bank loan funds	13,656	Net asset valuation	Estimated performance (U)	n/a	n/a	0.9 %
Hedge funds	3,411	Net asset valuation	Estimated performance (U)	0.0 %	0.0 %	0.0 %
Total other investments	342,778					
Other assets and (liabilities)						
Weather contract	(1,307)	Internal valuation model	See below	n/a	n/a	See below
Total other assets and (liabilities)	(1,307)					
	$378,609					

Fixed Maturity Investments

Corporate

Level 3 - Included in the Company’s corporate fixed maturity investments is an investment in the preferred equity of an insurance holding company with a fair value of $15.8 million. The Company measures the fair value of this investment using a DCF model and seeks to incorporate all relevant information reasonably available. The Company considers the contractual agreement which stipulates the methodology for calculating a dividend rate to be paid upon liquidation, conversion or redemption. At March 31, 2014, the dividend rate was 6.2%. In addition, the Company has estimated a liquidity discount of 1.0%, a risk-free rate of 0.3% and a credit spread of 2.1%. To ensure the estimate for fair value determined using the DCF model is reasonable, the Company reviews private market comparables of similar investments, if available, and in particular, credit ratings of other private market comparables for similar investments to determine the appropriateness of its estimate of fair value using a DCF model. The fair value of the Company's investment in this corporate fixed maturity investment determined by a DCF model is positively correlated to the dividend rate, and inversely correlated to the credit spread, liquidity discount and the risk-free rate.

In addition, the Company's corporate fixed maturity investments also include an investment in the preferred equity of a company that provides insurance for a variety of veterinarian costs, which investment had a fair value of $21.3 million at March 31, 2014. The Company measures the fair value of this investment using a third party valuation, which may include, but is not limited to, discounted cash flow analysis, financial statement analysis, budgets and forecasts and capital transactions. In circumstances where a private market transaction has recently occurred, the Company will evaluate the comparability of that transaction to the fair value of this investment and determine if the third party valuation is still appropriate. Should future relevant private market transactions occur, the Company will re-evaluate the information available to determine fair value of this investment and record any adjustments to fair value in its consolidated statements of operations. The fair value of this investment is positively correlated to the estimated fair value of the aggregate equity of the investee as provided in the third party valuation report.

Other investments

Private equity partnerships

Level 3 - Included in the Company's $325.7 million of investments in private equity partnerships at March 31, 2014 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 quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, as well as the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which the Company estimates the return for the current period, all relevant information reasonably available to the Company is utilized. This principally includes preliminary estimates reported to the Company by its fund managers, obtaining the valuation of underlying portfolio investments where such underlying investments are publicly traded and therefore have a readily observable price, using information that is available to the Company with respect to the underlying investments, reviewing various indices for similar investments or asset classes, as well as estimating returns based on the results of similar types of investments for which the Company has obtained reported results, or other valuation methods, where possible. The range of such current estimated periodic returns for the three months ended March 31, 2014 was negative 4.4% to positive 75.5% with a weighted average of positive 4.1%. The fair value of the Company's investment in private equity partnerships is positively correlated to the estimated periodic rate of return. The Company also considers factors such as recent financial information, the value of capital transactions with the partnership and management's judgment regarding whether any adjustments should be made to the net asset value. For each respective private equity partnership, the Company obtains and reviews the valuation methodology used by the investment manager or general partner and the latest audited annual financial statements to attempt to ensure that the investment partnership is following fair value principles consistent with GAAP in determining the net asset value of each limited partner's interest.

Senior secured bank loan funds

Level 3 - The Company has $13.7 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. The fair value of the Company's investment in senior secured bank loan funds is positively correlated to the estimated monthly net asset valuations received from the investment manager.

Hedge funds

Level 3 - The Company has $3.4 million of hedge fund investments that are invested in so called "side pockets" or illiquid investments. In these instances, the Company generally does not have the right to

redeem its interest, and as such, the Company classifies this portion of its investment as Level 3. The fair value of these illiquid investments is determined by adjusting the previous periods' reported net asset value (generally one month in arrears) for an estimated periodic rate of return obtained from the respective investment manager.

For each 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 attempt to ensure that the hedge fund investment is following fair value principles consistent with GAAP in determining the net asset value.

Other assets and liabilities

Weather Contract

Level 3 - The Company has a $1.3 million liability related to a weather contract entered into with an insurance company, with the fair value determined through the use of an internal valuation model. Inputs to the internal valuation model are based on proprietary data as observable market inputs are not available. The most significant unobservable input is the potential payment that would become due to a counterparty following the occurrence of a triggering event as reported by an external agency. Generally, an increase (decrease) in the potential payment would result in an increase (decrease) to the fair value of the Company's weather contract liability.

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - January 1, 2013	$27,792	$381,067	$21,513	$430,372
Total unrealized gains (losses)				
Included in net investment income	275	13,016	—	13,291
Total realized losses				
Included in other income (loss)	—	—	(1,970)	(1,970)
Total foreign exchange gains	—	(781)	—	(781)
Purchases	—	10,785	—	10,785
Sales	—	(424)	—	(424)
Settlements	—	(19,699)	—	(19,699)
Reclassified from other assets to other investments	—	18,242	(18,242)	—
Balance - March 31, 2013	$28,067	$402,206	$1,301	$431,574
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$275	$13,016	$—	$13,291

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

Financial Instruments Disclosed, But Not Carried, at Fair Value

The Company uses various financial instruments in the normal course of its business. The Company's insurance contracts are excluded from the fair value of financial instruments accounting guidance, unless the Company elects the fair value option, and therefore, are not included in the amounts discussed herein. The carrying values of cash, accrued 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 March 31, 2014, the fair value of the 5.75% Senior Notes was $264.2 million (December 31, 2013 - $273.9 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 the Senior Notes.

The Fair Value Option for Financial Assets and Financial Liabilities

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

	March 31, 2014	December 31, 2013
Other investments	$576,099	$573,264

Included in net investment income for the three months ended March 31, 2014 was net unrealized gains of $5.0 million related to the changes in fair value of other investments (2013 – $15.1 million).

Measuring the Fair Value of Other Investments Using Net Asset Valuations

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

At March 31, 2014	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Minimum Days)	Redemption Notice Period (Maximum Days)
Private equity partnerships	$325,711	$90,269	See below	See below	See below
Senior secured bank loan funds	13,656	11,695	See below	See below	See below
Hedge funds	3,411	—	See below	See below	See below
Total other investments measured using net asset valuations	$342,778	$101,964			

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 has $13.7 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, as discussed in detail above. It is estimated that the majority of the underlying assets in the closed end funds would liquidate over 4 to 5 years from inception of the respective fund.

Hedge funds – The Company invests in hedge funds that pursue multiple strategies. The fair values of the investments in this category are estimated using the net asset value per share of the funds, as discussed in detail above. The Company's investments in hedge funds at March 31, 2014 are $3.4 million of so called "side pocket" investments which are not redeemable at the option of the shareholder. The Company will retain its interest in the side pocket investments referred to above, until the underlying investments attributable to such side pockets are liquidated, realized or deemed realized at the discretion of the fund manager.

NOTE 6. REINSURANCE

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

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

	Three months ended March 31,	
	2014	2013
Premiums written		
Direct	$13,855	$10,317
Assumed	691,405	625,101
Ceded	(254,913)	(198,605)
Net premiums written	$450,347	$436,813
Premiums earned		
Direct	$14,229	$9,873
Assumed	385,598	366,853
Ceded	(113,293)	(105,471)
Net premiums earned	$286,534	$271,255
Claims and claim expenses		
Gross claims and claim expenses incurred	$68,150	$33,998
Claims and claim expenses recovered	(9,235)	(6,747)
Net claims and claim expenses incurred	$58,915	$27,251

NOTE 7. NONCONTROLLING INTERESTS

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

	March 31, 2014	December 31, 2013
Redeemable noncontrolling interest - DaVinciRe	$895,391	$1,063,368
Redeemable noncontrolling interest - Medici	91,590	36,492
Redeemable noncontrolling interest	$986,981	$1,099,860

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

	Three months ended	
	March 31, 2014	March 31, 2013
Redeemable noncontrolling interest - DaVinciRe	$41,180	$38,815
Redeemable noncontrolling interest - Medici	1,588	—
Noncontrolling interest - Angus Fund	—	(208)
Net income attributable to noncontrolling interests	$42,768	$38,607

Redeemable Noncontrolling Interest – DaVinciRe

In October 2001, the Company formed DaVinciRe and DaVinci with other equity investors. RenaissanceRe owns a noncontrolling economic interest in DaVinciRe; however, because RenaissanceRe controls a majority of DaVinciRe's outstanding voting rights, the consolidated financial statements of DaVinciRe are included in the consolidated financial statements of the Company. The portion of DaVinciRe's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interests. The Company's noncontrolling economic ownership in DaVinciRe was 26.5% at March 31, 2014 (December 31, 2013 - 27.3%).

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.

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 noncontrolling economic ownership in DaVinciRe was 30.8% at December 31, 2012 and subsequent to the above transactions, the Company's noncontrolling economic ownership in DaVinciRe increased to 32.9% effective January 1, 2013.

Effective October 1, 2013, an existing third party shareholder sold a portion of its shares in DaVinciRe to a new third party shareholder. In addition, effective October 1, 2013, the Company sold a portion of its shares of DaVinciRe to the same new third party shareholder. The Company sold these shares for $77.4 million and subsequent to the above transactions, its noncontrolling economic ownership interest in DaVinciRe decreased, and was 27.3% at December 31,2013.

During January 2014, DaVinciRe redeemed a portion of its outstanding shares from all existing DaVinciRe shareholders, including the Company, while a new DaVinciRe shareholder purchased shares in DaVinciRe. The net redemption as a result of these transactions was $300.0 million. In connection with the redemption, DaVinciRe retained a $60.0 million holdback. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions is 26.5%, effective January 1, 2014. During February 2014, DaVinciRe paid out $30.0 million of the $60.0 million holdback.

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

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

	Three months ended March 31,	
	2014	2013
Beginning balance	$1,063,368	$968,259
Redemption of shares from redeemable noncontrolling interest	(218,879)	(186,231)
Sale of shares to redeemable noncontrolling interests	9,722	54,927
Net income attributable to redeemable noncontrolling interest	41,180	38,815
Ending balance	$895,391	$875,770

Redeemable Noncontrolling Interest - RenaissanceRe Medici Fund Ltd. (“Medici”)
Medici is an exempted company incorporated under the laws of Bermuda and its objective is to seek to invest substantially all of its assets in various insurance-based investment instruments that have returns primarily tied to property catastrophe risk. RenaissanceRe owns a noncontrolling economic interest in Medici; however, because RenaissanceRe controls all of Medici’s outstanding voting rights, the financial statements of Medici are included in the consolidated financial statements of the Company. The portion of Medici’s earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to noncontrolling interests. Any shareholder may redeem all or any portion of its shares as of the last day of any calendar month, upon at least 30 calendar days’ prior irrevocable written notice to Medici. As the participating, non-voting common shares of Medici have redemption features which are outside the control of the issuer, the portion related to the redeemable noncontrolling interest in Medici is recorded in the mezzanine section of the consolidated balance sheets of the Company.
Prior to June 1, 2013, Medici was a wholly owned subsidiary of RenaissanceRe Fund Holdings Ltd., which in turn is a wholly owned subsidiary of RenaissanceRe. Subsequent to June 1, 2013, third-party investors subscribed for, and redeemed, an aggregate of $37.2 million and $1.3 million, respectively, of the participating, non-voting common shares of Medici. As a result of the third-party investments during the period from June 1, 2013 through December 31, 2013, the Company’s economic ownership in Medici was 73.9% at December 31, 2013.
During the three months ended March 31, 2014, third-party investors subscribed for and redeemed an aggregate of $55.4 million and $1.9 million, respectively, of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company’s economic ownership in Medici decreased to 43.6%, effective March 31, 2014. The Company expects its ownership in Medici to fluctuate over time.
The activity in redeemable noncontrolling interest – Medici is detailed in the table below:

	Three months ended March 31,	
	2014	2013
Beginning balance	$36,492	$—
Redemption of shares from redeemable noncontrolling interest	(1,875)	—
Sale of shares to redeemable noncontrolling interests	55,385	—
Net income attributable to redeemable noncontrolling interest	1,588	—
Ending balance	$91,590	$—

Noncontrolling Interest - Angus Fund L.P. (the “Angus Fund”)
In December 2010, REAL and RRCA, both formerly wholly owned subsidiaries of RenaissanceRe, formed the Angus Fund with other equity investors. The Angus Fund was formed to provide capital to and make investments in companies primarily in the heating oil and propane distribution industries and Angus Partners LLC (“Angus”) was formed to provide commodity related risk management products to third party customers.
As part of the agreement to sell REAL to Munich (see “Note 3. Discontinued Operations” for additional information), the former general partner of the Angus Fund, REAL, transferred its general partner ownership interest to RRV U.S. Holdings LLC, a wholly owned subsidiary of RenaissanceRe, representing a $55 thousand investment in the Angus Fund, or a 1.1% ownership interest, and RRCA, a former limited partner, transferred its limited partner ownership interest to RenTech U.S. Holdings LLC (“RenTech”), a wholly owned subsidiary of RenaissanceRe, representing a $2.0 million investment in the Angus Fund, or a 35.0% ownership interest. There was no gain or loss recognized on the above transactions.
Effective December 1, 2013, both RRV U.S. and RenTech contributed their ownership interests in the Angus Fund to Angus for $2.3 million, in return for equity interests in Angus. The Company previously had an equity interest of 38.8% in Angus, and as a result of these transactions, its equity interest in Angus increased to 42.5%. In addition, these transactions resulted in $1.7 million of additional goodwill related to the Company’s additional investment in Angus. During the first quarter of 2014, Angus raised additional

capital from its existing third party investors. The Company did not participate in this capital raise and, as a result, the Company's ownership interest in Angus was decreased to 40.4% at March 31, 2014.
Prior to December 1, 2013, the Angus Fund met the definition of a VIE; therefore the Company evaluated its ownership in the Angus Fund to determine if it was the primary beneficiary. The Company had concluded it was the primary beneficiary of the Angus Fund as it had the power to direct, and had 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 were consolidated. The portion of the Angus Fund's earnings owned by third parties was recorded in the consolidated statements of operations as net income attributable to noncontrolling interest. Effective December 1, 2013, the Company concluded that it no longer had the power to direct the activities, nor was it the primary beneficiary, of the Angus Fund and as a result, it was deconsolidated. At March 31, 2014 and December 31, 2013, the Company's equity investment in Angus is recorded under investments in other ventures, under equity method on the Company's consolidated balance sheet.
The activity in noncontrolling interest – Angus Fund is detailed in the table below:

	Three months ended March 31,	
	2014	2013
Beginning balance	$—	$3,991
Adjustment of ownership interest	—	139
Net loss attributable to noncontrolling interest	—	(208)
Dividends on common shares	—	(175)
Ending balance	$—	$3,747

NOTE 8. VARIABLE INTEREST ENTITIES
Upsilon RFO
Effective January 1, 2013, the Company formed and launched Upsilon RFO, a managed joint venture, and a Bermuda domiciled SPI, to provide additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market. Original business was written directly by Upsilon RFO 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 RFO, $61.0 million of Upsilon RFO non-voting Class B shares were sold to unaffiliated third party investors. Additionally, $76.4 million of the non-voting Class B shares were acquired by the Company, representing a 55.6% participation in the original risks assumed by Upsilon RFO effective January 1, 2013. In addition, another third party investor supplied $17.5 million of capital through an insurance contract with the Company related to Upsilon RFO's reinsurance portfolio. Inclusive of the insurance contract, the Company has a 42.9% participation in the original risks assumed by Upsilon RFO effective January 1, 2013.
On July 1, 2013, the Company sold a portion of its shares of Upsilon RFO to a new third party shareholder for $25.0 million. The Company's participation in the original risks assumed by Upsilon RFO prior to January 1, 2014 was 25.8%, inclusive of the related insurance contract, effective December 31, 2013.
In conjunction with risks incepting during the first quarter of 2014, $172.4 million of Upsilon RFO non-voting preference shares were sold to unaffiliated third-party investors. Additionally, $109.7 million of the non-voting preference shares were acquired by the Company, representing a 38.9% participation in the risks assumed by Upsilon RFO incepting during the first quarter of 2014. In addition, another third party investor supplied $15.0 million of capital through an insurance contract with the Company related to Upsilon RFO's reinsurance portfolio. Inclusive of the insurance contract, the Company has a 33.6% participation in the original risks assumed by Upsilon RFO in conjunction with risks incepting during the first quarter of 2014. At March 31, 2014, the Company's consolidated balance sheet included total assets and total liabilities of Upsilon RFO of $493.3 million and $493.3 million, respectively, including $30.1 million of capital raised from third party investors and received by Upsilon RFO prior to March 31, 2014 for risks incepted on April 1, 2014, which is reflected on the Company's consolidated balance sheet in other liabilities at March 31, 2014 (December 31, 2013 - $474.2 million and $474.2 million, respectively, including $156.3 million of capital

raised from third party investors and received by Upsilon RFO prior to December 31, 2013 for risks incepted during the first quarter of 2014). Inclusive of the capital raised for risks incepting on April 1, 2014, the Company has a 31.4% participation in the original risks assumed by Upsilon RFO for the period from January 1, 2014 through April 1, 2014. The shareholders (other than the Class A shareholder) participate in substantially all of the profits or losses of Upsilon RFO while their shares remain outstanding. The shareholders (other than the Class A shareholder) indemnify Upsilon RFO against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. Both Upsilon RFO and the insurance participation are managed by RUM in return for an expense override and profit commission. Upsilon RFO is considered a VIE and the Company is considered the primary beneficiary. As a result, Upsilon RFO is consolidated by the Company and all significant inter-company transactions have been eliminated.

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

Mona Lisa Re Ltd. (“Mona Lisa Re”)

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

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

The Company concluded that Mona Lisa Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. Therefore, the Company evaluated its relationship with Mona Lisa Re and concluded it does not have a variable interest in Mona Lisa Re. As a result, the financial position and results of operations of Mona Lisa Re are not consolidated by the Company. At March 31, 2014, the total assets and total liabilities of Mona Lisa Re were $206.1 million and $206.1 million, respectively (December 31, 2013 - $209.6 million and $209.6 million, respectively).

The only transactions related to Mona Lisa Re that are recorded in the Company’s consolidated financial statements are the ceded reinsurance agreements entered into by Renaissance Reinsurance and DaVinci which are accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. Renaissance Reinsurance and DaVinci have together entered into ceded reinsurance contracts with Mona Lisa Re with gross premiums ceded of $Nil and $Nil, respectively, during the three months ended March 31, 2014 as the contracts are scheduled to renew in the second quarter of 2014. In addition, Renaissance Reinsurance and DaVinci recognized ceded premiums earned related to the ceded reinsurance contracts with Mona Lisa Re of $2.4 million and $1.7 million, respectively, during the three months ended March 31, 2014.

NOTE 9. SHAREHOLDERS' EQUITY

The Board of Directors of RenaissanceRe declared, and RenaissanceRe paid, a dividend of $0.29 per common share to shareholders of record on March 14, 2014. During the three months ended March 31, 2014, the Company declared and paid $5.6 million in preference share dividends (2013 - $6.3 million) and $11.9 million in common share dividends (2013 - $12.3 million).

The Company's share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. Unless terminated earlier by resolution of RenaissanceRe's Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The Company's decision to repurchase common shares will depend on, among other matters, the market price of the common shares and the capital requirements of the Company. During the three months ended March 31, 2014, the Company repurchased an aggregate of 3.0 million shares in open market transactions, at an aggregate cost of $277.1 million, and at an average share price of $93.04. On February 19, 2014, RenaissanceRe's Board of Directors approved a renewal of the Company's authorized share repurchase program for an aggregate amount of $500.0 million. At March 31, 2014, $408.7 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.

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 10. EARNINGS PER SHARE

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

	Three months ended March 31,	
(thousands of shares)	2014	2013
Numerator:		
Net income available to RenaissanceRe common shareholders	$151,003	$190,474
Amount allocated to participating common shareholders (1)	(2,031)	(2,918)
Net income allocated to RenaissanceRe common shareholders	$148,972	$187,556
Denominator:		
Denominator for basic income per RenaissanceRe common share - weighted average common shares	41,238	43,461
Per common share equivalents of employee stock options and restricted shares	665	829
Denominator for diluted income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions	41,903	44,290
Basic income per RenaissanceRe common share	$3.61	$4.32
Diluted income per RenaissanceRe common share	$3.56	$4.23

(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 11. SEGMENT REPORTING

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

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

Three months ended March 31, 2013	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd’s	Other	Total
Gross premiums written	$478,796	$82,330	$74,292	$—	$635,418
Net premiums written	$305,353	$75,519	$55,924	$17	$436,813
Net premiums earned	$186,651	$46,809	$37,779	$16	$271,255
Net claims and claim expenses incurred	2,708	10,692	14,528	(677)	27,251
Acquisition expenses	9,620	8,439	6,916	34	25,009
Operational expenses	26,115	7,560	12,178	133	45,986
Underwriting income	$148,208	$20,118	$4,157	$526	173,009
Net investment income				43,202	43,202
Net foreign exchange gains				614	614
Equity in earnings of other ventures				5,835	5,835
Other loss				(1,709)	(1,709)
Net realized and unrealized gains on investments				14,269	14,269
Corporate expenses				(4,482)	(4,482)
Interest expense				(5,034)	(5,034)
Income from continuing operations before taxes					225,704
Income tax expense				(122)	(122)
Income from discontinued operations				9,774	9,774
Net income attributable to noncontrolling interests				(38,607)	(38,607)
Dividends on preference shares				(6,275)	(6,275)
Net income attributable to RenaissanceRe common shareholders					$190,474
Net claims and claim expenses incurred – current accident year	$21,176	$25,853	$17,871	$—	$64,900
Net claims and claim expenses incurred – prior accident years	(18,468)	(15,161)	(3,343)	(677)	(37,649)
Net claims and claim expenses incurred – total	$2,708	$10,692	$14,528	$(677)	$27,251
Net claims and claim expense ratio – current accident year	11.3%	55.2%	47.3%	—%	23.9%
Net claims and claim expense ratio – prior accident years	(9.8)%	(32.4)%	(8.8)%	(4,231.3)%	(13.9)%
Net claims and claim expense ratio – calendar year	1.5%	22.8%	38.5%	(4,231.3)%	10.0%
Underwriting expense ratio	19.1%	34.2%	50.5%	1,218.8%	26.2%
Combined ratio	20.6%	57.0%	89.0%	(3,012.5)%	36.2%

NOTE 12. DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for yield enhancement, or for trading and speculation. The Company accounts for its derivatives in accordance with FASB ASC Topic Derivatives and Hedging, which requires all derivatives to be recorded at fair value on the Company’s balance sheet as either assets or liabilities, depending on the rights or obligations of the derivatives, with changes in fair value reflected in current earnings. The Company does not currently apply hedge accounting in respect of any positions reflected in its consolidated financial statements. The Company’s derivative instruments are generally traded under International Swaps and Derivatives Association master agreements, which establish the terms of the transactions entered into with the Company’s derivative counterparties. In the event one party becomes insolvent or otherwise defaults on its obligations, a master agreement generally permits the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions’ marked-to-market values so that a single sum in a single currency will be owed by, or owed to, the non-defaulting party. Effectively, this contractual close-out netting reduces credit exposure from gross to net exposure. Where the Company has entered into master netting agreements with counterparties, or the Company has the legal and contractual right to offset positions, the derivative positions are generally netted by counterparty and are reported accordingly in other assets and other liabilities.

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

	Derivative Assets					
At March 31, 2014	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	$855	100	$755	Other assets	$—	$755
Foreign currency forward contracts (1)	10,184	5,178	5,006	Other assets	—	5,006
Foreign currency forward contracts (2)	360	283	77	Other assets	—	77
Credit default swaps	835	45	790	Other assets	495	295
Total	$12,234	$5,606	$6,628		$495	$6,133

	Derivative Liabilities					
At March 31, 2014	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 Pledged	Net Amount
Interest rate futures	$179	100	$79	Other liabilities	$79	$—
Foreign currency forward contracts (1)	8	—	8	Other liabilities	—	8
Foreign currency forward contracts (2)	708	283	425	Other liabilities	—	425
Credit default swaps	64	45	19	Other liabilities	—	19
Weather contract	1,307	—	1,307	Other liabilities	—	1,307
Total	$2,266	$428	$1,838		$79	$1,759

(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.

	Derivative Assets					
At December 31, 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	$897	62	$835	Other assets	$—	$835
Foreign currency forward contracts (1)	9,612	1,179	8,433	Other assets	—	8,433
Foreign currency forward contracts (2)	1,013	338	675	Other assets	—	675
Credit default swaps	806	82	724	Other assets	310	414
Total	$12,328	$1,661	$10,667		$310	$10,357

	Derivative Liabilities					
At December 31, 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 Pledged	Net Amount
Interest rate futures	$74	62	$12	Other liabilities	$12	$—
Foreign currency forward contracts (1)	2,204	28	2,176	Other liabilities	—	2,176
Foreign currency forward contracts (2)	1,557	338	1,219	Other liabilities	—	1,219
Credit default swaps	94	82	12	Other liabilities	—	12
Weather contract	2,490	—	2,490	Other liabilities	—	2,490
Total	$6,419	$510	$5,909		$12	$5,897

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.
(2) Contracts used to manage foreign currency risks in investment operations.
Refer to “Note 4. Investments” for information on reverse repurchase agreements.

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

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	
Three months ended March 31,		2014	2013
Interest rate futures	Net realized and unrealized gains on investments	$(12,274)	$2
Foreign currency forward contracts (1)	Net foreign exchange (losses) gains	4,099	2,388
Foreign currency forward contracts (2)	Net foreign exchange (losses) gains	(1,399)	1,678
Credit default swaps	Net realized and unrealized gains on investments	159	434
Weather contract	Net realized and unrealized gains on investments	1,216	—
Total		$(8,199)	$4,502

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

The Company is not aware of the existence of any credit-risk related contingent features that it believes would be triggered in its derivative instruments that are in a net liability position at March 31, 2014.

Interest Rate Futures

The Company uses interest rate futures within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which can include increasing or decreasing its exposure to this risk. At March 31, 2014, the Company had $2,321.8 million of notional long positions and $813.7 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (December 31, 2013 - $1,169.3 million and $356.6 million, respectively). The fair value of these derivatives is determined using exchange traded prices.

Foreign Currency Derivatives

The Company's functional currency is the U.S. dollar. The Company writes a portion of its business in currencies other than U.S. dollars and may, from time to time, experience foreign exchange gains and losses in the Company's consolidated financial statements. All changes in exchange rates, with the exception of non-monetary assets and liabilities, are recognized currently in the Company's consolidated statements of operations.

Underwriting Operations Related Foreign Currency Contracts

The Company's foreign currency policy with regard to its underwriting operations is generally to hold foreign currency assets, including cash, investments and receivables that approximate the foreign currency liabilities, including claims and claim expense reserves and reinsurance balances payable. When necessary, the Company may use foreign currency forward and option contracts to minimize the effect of fluctuating foreign currencies on the value of non-U.S. dollar denominated assets and liabilities associated with its underwriting operations. The fair value of the Company's underwriting operations related foreign currency contracts is determined using indicative pricing obtained from counterparties or broker quotes. At March 31, 2014, the Company had outstanding underwriting related foreign currency contracts of $330.2 million in notional long positions and $311.7 million in notional short positions, denominated in U.S. dollars (December 31, 2013 - $263.6 million and $139.8 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 (losses) gains associated with the Company's hedging of

these non-U.S. dollar investments are recorded in net foreign exchange (losses) gains 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 March 31, 2014, the Company had outstanding investment portfolio related foreign currency contracts of $39.5 million in notional long positions and $145.5 million in notional short positions, denominated in U.S. dollars (December 31, 2013 - $39.6 million and $159.1 million, respectively).

Credit Derivatives

The Company's exposure to credit risk is primarily due to its fixed maturity investments, short term investments, premiums receivable and reinsurance recoverable. From time to time, the Company purchases credit derivatives to hedge its exposures in the insurance industry, and to assist in managing the credit risk associated with ceded reinsurance. The Company also employs credit derivatives in its investment portfolio to either assume credit risk or hedge its credit exposure. The fair value of the credit derivatives is determined using industry valuation models, broker bid indications or internal pricing valuation techniques. The fair value of these credit derivatives can change based on a variety of factors including changes in credit spreads, default rates and recovery rates, the correlation of credit risk between the referenced credit and the counterparty, and market rate inputs such as interest rates. At March 31, 2014, the Company had outstanding credit derivatives of $1.1 million in notional long positions and $19.8 million in notional short positions, denominated in U.S. dollars (December 31, 2013 - $7.1 million and $18.4 million, respectively).

Weather Contract

The Company, from time to time, transacts in certain derivative-based risk management products that address weather-related risks. The fair value of these contracts is determined through the use of an internal valuation model with the inputs to the internal valuation model based on proprietary data as observable market inputs are not available. The most significant unobservable input is the potential payment that would become due to a counterparty following the occurrence of a triggering event as reported by an external agency. Generally, the Company's portfolio of such derivatives is relatively small and such derivatives are frequently seasonal in nature. At March 31, 2014, the Company had an outstanding weather contract with an insurance company of $6.6 million in a notional short position (December 31, 2013 - $6.4 million).

NOTE 13. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

There are no material changes from the commitments and contingencies previously disclosed in the Company's Form 10-K for the year ended December 31, 2013, other than those discussed below.

Syndicated Letter of Credit Facility

Effective as of March 31, 2014, RenaissanceRe reduced the commitments under its syndicated letter of credit facility from $250.0 million to $180.0 million. The reductions were implemented in connection with a reassessment of the future collateral needs of RenaissanceRe, taking into account, among other things, its access to alternative sources of credit enhancement. Prior to the expiration date of May 17, 2015 and after giving effect to the reduction noted above, the commitments may, subject to the satisfaction of certain conditions, be increased from time to time up to an aggregate amount not to exceed $530.0 million.

Legal Proceedings

The Company and its subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct surplus lines insurance policies. This category of business litigation may involve allegations of underwriting or claims-handling errors or misconduct, employment claims, regulatory actions or disputes arising from the Company's business ventures. The Company's operating subsidiaries are subject to claims litigation involving, among other things, disputed interpretations of policy coverages. Generally, the Company's direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than its reinsurance operations and, in some jurisdictions, may be subject to direct actions by allegedly injured persons or entities seeking damages from policyholders. These lawsuits,

involving claims on policies issued by the Company's subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in its loss and loss expense reserves. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company's ability to enforce its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate accordingly. Currently, the Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its financial condition, business or operations.

NOTE 14. CONDENSED CONSOLIDATING FINANCIAL INFORMATION PROVIDED IN CONNECTION WITH OUTSTANDING DEBT OF SUBSIDIARIES

The following tables present condensed consolidating balance sheets at March 31, 2014 and December 31, 2013, condensed consolidating statements of operations, comprehensive income (loss) and cash flows for the three months ended March 31, 2014 and 2013, 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 March 31, 2014	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	$205,769	$93,972	$6,223,352	$—	$6,523,093
Cash and cash equivalents	3,279	631	323,253	—	327,163
Investments in subsidiaries	3,470,509	74,820	—	(3,545,329)	—
Due from subsidiaries and affiliates	148,917	—	—	(148,917)	—
Premiums receivable	—	—	668,788	—	668,788
Prepaid reinsurance premiums	—	—	207,752	—	207,752
Reinsurance recoverable	—	—	98,962	—	98,962
Accrued investment income	201	154	26,996	—	27,351
Deferred acquisition costs	—	—	121,890	—	121,890
Receivable for investments sold					