RENAISSANCERE HOLDINGS LTD
Form 10-Q
April 28, 2016

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, 2016
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, 2016 was 43,095,065.

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NOTE ON FORWARD-LOOKING STATEMENTS

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

The inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our current 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:

- the frequency and severity of catastrophic and other events we cover;
- the effectiveness of our claims and claim expense reserving process;
- our ability to maintain our financial strength ratings;
- the effect of climate change on our business;
- the effect of emerging claims and coverage issues;
- our reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- our exposure to credit loss from counterparties in the normal course of business;
- the effect of continued challenging economic conditions throughout the world;
- continued soft reinsurance underwriting market conditions;
- a contention by the Internal Revenue Service (“IRS”) that Renaissance Reinsurance Ltd. (“Renaissance Reinsurance”), or any of our other Bermuda subsidiaries, is subject to taxation in the United States (“U.S.”);
- the performance of our investment portfolio;
- our ability to successfully implement our business strategies and initiatives;
- our ability to retain our key senior officers and to attract or retain the executives and employees necessary to manage our business;
- our ability to determine the impairments taken on our investments;
- the availability of retrocessional reinsurance on acceptable terms;
- the effect of inflation;
- the adequacy of our ceding companies’ ability to assess the risks they underwrite;
- the effect of operational risks, including system or human failures;
- our ability to effectively manage capital on behalf of investors in joint ventures or other entities we manage;
- foreign currency exchange rate fluctuations;

- our ability to raise capital if necessary;
- our ability to comply with covenants in our debt agreements;
- changes to the regulatory systems under which we operate, including challenges to the claim of exemption from insurance regulation of RenaissanceRe and our subsidiaries and increased global regulation of the insurance and reinsurance industry;
- losses we could face from terrorism, political unrest or war;
- our dependence on the ability of our operating subsidiaries to declare and pay dividends;
- the success of any of our strategic investments or acquisitions, including our ability to manage our operations as our product and geographical diversity increases;
- the effect of cybersecurity risks, including technology breaches or failure, on our business;
- aspects of our corporate structure that may discourage third party takeovers and other transactions;
- the cyclical nature of the reinsurance and insurance industries;
- adverse legislative developments that reduce the size of the private markets we serve or impede their future growth;
- other regulatory or legislative changes adversely impacting us;
- the effect on our business of the highly competitive nature of our industry, including the effect of new entrants to, competing products for and consolidation in the (re)insurance industry;
- consolidation of customers or insurance and reinsurance brokers;
- the effect of Organization for Economic Co-operation and Development (the “OECD”) or European Union (“EU”) measures to increase our taxes;
- adverse tax developments, including potential changes to the taxation of inter-company or related party transactions, or changes to the tax treatment of investors in RenaissanceRe or our joint ventures or other entities we manage;
- changes in regulatory regimes and/or accounting rules, including the EU directive concerning capital adequacy, risk management and regulatory reporting for insurers; and
- our need to make many estimates and judgments in the preparation of our financial statements.

As a consequence, our future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of us. The factors listed above, which are discussed in more detail 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, 2015, should not be construed as exhaustive. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to revise or update forward-looking statements to reflect new information, 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, 2016 (Unaudited)	December 31, 2015 (Audited)
Fixed maturity investments trading, at fair value (Amortized cost $6,858,254 and $6,825,877 at March 31, 2016 and December 31, 2015, respectively)	$6,890,592	$6,765,005
Fixed maturity investments available for sale, at fair value (Amortized cost $12,384 and $15,943 at March 31, 2016 and December 31, 2015, respectively)	13,985	17,813
Short term investments, at fair value	1,171,523	1,208,401
Equity investments trading, at fair value	335,509	393,877
Other investments, at fair value	496,900	481,621
Investments in other ventures, under equity method	131,692	132,351
Total investments	9,040,201	8,999,068
Cash and cash equivalents	449,149	506,885
Premiums receivable	1,094,116	778,009
Prepaid reinsurance premiums	444,954	230,671
Reinsurance recoverable	167,228	134,526
Accrued investment income	37,492	39,749
Deferred acquisition costs	287,291	199,380
Receivable for investments sold	204,306	220,834
Other assets	167,514	181,011
Goodwill and other intangible assets	261,662	265,154
Total assets	$12,153,913	$11,555,287
Liabilities, Noncontrolling Interests and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	$2,811,523	$2,767,045
Unearned premiums	1,261,454	889,102
Debt	957,536	960,495
Reinsurance balances payable	618,344	523,974
Payable for investments purchased	454,593	391,378
Other liabilities	208,533	245,145
Total liabilities	6,311,983	5,777,139
Commitments and Contingencies		
Redeemable noncontrolling interest	1,081,337	1,045,964
Shareholders' Equity		
Preference shares: $1.00 par value – 16,000,000 shares issued and outstanding at March 31, 2016 (December 31, 2015 – 16,000,000)	400,000	400,000
Common shares: $1.00 par value – 43,095,065 shares issued and outstanding at March 31, 2016 (December 31, 2015 – 43,701,064)	43,095	43,701
Additional paid-in capital	422,422	507,674
Accumulated other comprehensive income	1,665	2,108
Retained earnings	3,893,411	3,778,701
Total shareholders' equity attributable to RenaissanceRe	4,760,593	4,732,184
Total liabilities, noncontrolling interests and shareholders' equity	$12,153,913	$11,555,287

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the three months ended March 31, 2016 and 2015
(in thousands of United States Dollars, except per share amounts) (Unaudited)

	Three months ended	
	March 31, 2016	March 31, 2015
Revenues		
Gross premiums written	$862,133	$643,578
Net premiums written	$511,675	$404,035
Increase in unearned premiums	(158,069)	(107,275)
Net premiums earned	353,606	296,760
Net investment income	28,863	39,707
Net foreign exchange losses	(1,692)	(3,130)
Equity in earnings of other ventures	1,611	5,295
Other income	4,079	1,539
Net realized and unrealized gains on investments	61,653	41,749
Total revenues	448,120	381,920
Expenses		
Net claims and claim expenses incurred	126,605	76,853
Acquisition expenses	65,592	43,401
Operational expenses	56,235	45,621
Corporate expenses	8,225	45,533
Interest expense	10,538	5,316
Total expenses	267,195	216,724
Income before taxes	180,925	165,196
Income tax (expense) benefit	(2,744)	47,904
Net income	178,181	213,100
Net income attributable to redeemable noncontrolling interests	(44,591)	(39,662)
Net income attributable to RenaissanceRe	133,590	173,438
Dividends on preference shares	(5,595)	(5,595)
Net income available to RenaissanceRe common shareholders	$127,995	$167,843
Net income available to RenaissanceRe common shareholders per common share – basic	$2.97	$4.18
Net income available to RenaissanceRe common shareholders per common share – diluted	$2.95	$4.14
Dividends per common share	$0.31	$0.30

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, 2016 and 2015
(in thousands of United States Dollars) (Unaudited)

	Three months ended	
	March 31, 2016	March 31, 2015
Comprehensive income		
Net income	$178,181	$213,100
Change in net unrealized gains on investments	(443)	(74)
Comprehensive income	177,738	213,026
Net income attributable to redeemable noncontrolling interests	(44,591)	(39,662)
Comprehensive income attributable to redeemable noncontrolling interests	(44,591)	(39,662)
Comprehensive income attributable to RenaissanceRe	$133,147	$173,364
Disclosure regarding net unrealized gains		
Total net realized and unrealized holding gains on investments	$(443)	$(23)
Net realized gains on fixed maturity investments available for sale	—	(51)
Change in net unrealized gains on investments	$(443)	$(74)

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, 2016 and 2015
(in thousands of United States Dollars) (Unaudited)

	Three months ended	
	March 31, 2016	March 31, 2015
Preference shares		
Balance – January 1	$400,000	$400,000
Balance – March 31	400,000	400,000
Common shares		
Balance – January 1	43,701	38,442
Issuance of shares	—	7,435
Repurchase of shares	(769)	—
Exercise of options and issuance of restricted stock awards	163	149
Balance – March 31	43,095	46,026
Additional paid-in capital		
Balance – January 1	507,674	—
Issuance of shares	—	754,384
Repurchase of shares	(84,397)	—
Change in redeemable noncontrolling interests	(77)	(260)
Exercise of options and issuance of restricted stock awards	(778)	817
Balance – March 31	422,422	754,941
Accumulated other comprehensive income		
Balance – January 1	2,108	3,416
Change in net unrealized gains on investments	(443)	(74)
Balance – March 31	1,665	3,342
Retained earnings		
Balance – January 1	3,778,701	3,423,857
Net income	178,181	213,100
Net income attributable to redeemable noncontrolling interests	(44,591)	(39,662)
Dividends on common shares	(13,285)	(13,720)
Dividends on preference shares	(5,595)	(5,595)
Balance – March 31	3,893,411	3,577,980
Total shareholders' equity	$4,760,593	$4,782,289

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2016 and 2015
(in thousands of United States Dollars) (Unaudited)

	Three months ended	
	March 31, 2016	March 31, 2015
Cash flows used in operating activities		
Net income	$178,181	$213,100
Adjustments to reconcile net income to net cash used in operating activities		
Amortization, accretion and depreciation	8,752	4,813
Equity in undistributed earnings of other ventures	(415)	(3,676)
Net realized and unrealized gains on investments	(61,653)	(41,749)
Net unrealized losses (gains) included in net investment income	15,362	(4,885)
Change in:		
Premiums receivable	(316,107)	(193,690)
Prepaid reinsurance premiums	(214,283)	(130,801)
Reinsurance recoverable	(32,702)	(12,274)
Deferred acquisition costs	(87,911)	(35,914)
Reserve for claims and claim expenses	44,478	(28,787)
Unearned premiums	372,352	238,075
Reinsurance balances payable	94,370	35,995
Other	(10,131)	(158,812)
Net cash used in operating activities	(9,707)	(118,605)
Cash flows provided by investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	2,540,073	2,075,678
Purchases of fixed maturity investments trading	(2,656,283)	(1,490,123)
Proceeds from sales and maturities of fixed maturity investments available for sale	3,662	1,757
Net sales of equity investments trading	119,369	50,627
Net sales of short term investments	134,009	112,795
Net purchases of other investments	(39,698)	(7,952)
Net purchases of investments in other ventures	—	(126)
Net purchases of other assets	—	(2,500)
Net purchase of Platinum	—	(678,152)
Net cash provided by investing activities	101,132	62,004
Cash flows (used in) provided by financing activities		
Dividends paid – RenaissanceRe common shares	(13,285)	(13,720)
Dividends paid – preference shares	(5,595)	(5,595)
RenaissanceRe common share repurchases	(85,166)	(446)
Issuance of debt, net of expenses	—	297,823
Net third party redeemable noncontrolling interest share transactions	(50,374)	(180,285)
Net cash (used in) provided by financing activities	(154,420)	97,777
Effect of exchange rate changes on foreign currency cash	5,259	(9,142)
Net (decrease) increase in cash and cash equivalents	(57,736)	32,034
Cash and cash equivalents, beginning of period	506,885	525,584
Cash and cash equivalents, end of period	$449,149	$557,618

See accompanying notes to the consolidated financial statements

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016
(unless otherwise noted, amounts in tables expressed in thousands of United States ("U.S.") dollars, except shares, per share amounts and percentages) (Unaudited)

NOTE 1. ORGANIZATION

This report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K ("Form 10-K") for the fiscal year ended December 31, 2015.

RenaissanceRe was formed under the laws of Bermuda on June 7, 1993. Together with its wholly owned and majority-owned subsidiaries and DaVinciRe (as defined below), which are collectively referred to herein as the "Company", RenaissanceRe provides reinsurance and insurance coverages and related services to a broad range of customers.

- On March 2, 2015, RenaissanceRe completed its acquisition of Platinum Underwriters Holdings, Ltd. ("Platinum"). As a result of the acquisition, Platinum and its subsidiaries became wholly owned subsidiaries of RenaissanceRe, including Platinum Underwriters Bermuda, Ltd. ("Platinum Bermuda") and Renaissance Reinsurance U.S. Inc., formerly known as Platinum Underwriters Reinsurance, Inc. ("Renaissance Reinsurance U.S."). The Company accounted for the acquisition of Platinum under the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic Business Combinations and the Company's consolidated results of operations include those of Platinum from March 2, 2015.
- Renaissance Reinsurance, the Company's principal reinsurance subsidiary, provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.
- Renaissance Reinsurance U.S. is a reinsurance company domiciled in the state of Maryland that provides property and casualty reinsurance coverages to insurers and reinsurers, primarily in the Americas.
- RenaissanceRe Specialty Risks Ltd. ("RenaissanceRe Specialty Risks") is a Bermuda-domiciled excess and surplus lines insurance company that is listed on the National Association of Insurance Commissioners' International Insurance Department's Quarterly List of Alien Insurers as an eligible surplus lines insurer. RenaissanceRe Underwriting Managers U.S. LLC, a specialty reinsurance agency domiciled in the state of 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, which operates subject to U.S. federal income tax, and RenaissanceRe Syndicate 1458 ("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.
- 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 and all significant intercompany transactions have been eliminated. 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 of RenaissanceRe, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.
- RenaissanceRe Medici Fund Ltd. ("Medici") is an exempted fund, incorporated under the laws of Bermuda. Medici's objective is to seek to invest substantially all of its assets in various insurance based investment instruments that have returns primarily tied to property catastrophe risk. Third party

investors have subscribed for a portion of the participating, non-voting common shares of Medici. Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of, Medici's parent, RenaissanceRe Fund Holdings Ltd. ("Fund Holdings"), the results of Medici and Fund Holdings are consolidated in the Company's financial statements and all significant inter-company transactions have been eliminated. Redeemable noncontrolling interest - Medici represents the interests of external parties with respect to the net income and shareholders' equity of Medici.

- Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon RFO Re Ltd., formerly known as Upsilon Reinsurance II Ltd. ("Upsilon RFO"), a Bermuda domiciled special purpose insurer ("SPI"), to provide additional capacity to the worldwide aggregate and per-occurrence primary and retrocessional property catastrophe excess of loss market. Upsilon RFO is considered a variable interest entity ("VIE") and the Company is considered the primary beneficiary. As a result, Upsilon RFO is consolidated by the Company and all significant inter-company transactions have been eliminated.
- Effective November 13, 2014, the Company incorporated RenaissanceRe Upsilon Fund Ltd. ("Upsilon Fund"), an exempted Bermuda segregated accounts company. Upsilon Fund was formed to provide a fund structure through which third party investors can invest in reinsurance risk managed by the Company. As a segregated accounts company, Upsilon Fund is permitted to establish segregated accounts to invest in and hold identified pools of assets and liabilities. Each pool of assets and liabilities in each segregated account is structured to be ring-fenced from any claims from the creditors of Upsilon Fund's general account and from the creditors of other segregated accounts within Upsilon Fund. Third party investors purchase redeemable, non-voting preference shares linked to specific segregated accounts of Upsilon Fund and own 100% of these shares. Upsilon Fund is an investment company and is considered a VIE. The Company does not have a variable interest in Upsilon Fund and as a result Upsilon Fund is not consolidated by the Company.

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, 2015, except as noted below.

BASIS OF PRESENTATION

These consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States ("GAAP") for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. Certain comparative information has been reclassified to conform to the current presentation. Because of the seasonality of the Company's business, the results of operations and cash flows for any interim period will not necessarily be indicative of the results of operations and cash flows for the full fiscal year or subsequent quarters.

USE OF ESTIMATES IN FINANCIAL STATEMENTS

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

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period

In June 2014, the FASB issued ASU No. 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (“ASU 2014-12”). The objective of ASU 2014-12 is to resolve the diverse accounting treatment of share-based payment awards in situations where an employee would be eligible to vest in the award regardless of whether the employee is rendering service on the date the performance target is achieved. For example, if an employee is eligible to retire or otherwise terminate employment before the end of the period in which a performance target could be achieved and still be eligible to vest in the award. ASU 2014-12 will resolve if and when the performance target is achieved. ASU 2014-12 became effective for all entities in annual and interim periods beginning after December 15, 2015. Early adoption was permitted. The Company adopted ASU 2014-12 effective January 1, 2016, and prospectively applied the amendments in ASU 2014-12 to all awards granted or modified after the effective date. The adoption of ASU 2014-12 did not have a material impact on the Company’s consolidated statements of operations and financial position.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued ASU No. 2015-02, Amendments to the Consolidation Analysis (“ASU 2015-02”). ASU 2015-02 will affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under ASU 2015-02. ASU 2015-02 set forth amendments: modifying the evaluation of whether limited partnerships and similar legal entities are VIEs; eliminating the presumption that a general partner should consolidate a limited partnership; affecting the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangement and related party relationships; and providing a scope exception from consolidation guidance for reporting entities with interests in certain investment funds. ASU 2015-02 became effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption was permitted. The Company adopted ASU 2015-02 effective January 1, 2016 and it did not have a material impact on the Company’s consolidated statements of operations and financial position. See “Note 7. Variable Interest Entities” for additional information related to the Company’s VIE’s.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”). The objective of ASU 2015-03 is to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in ASU 2015-03. ASU 2015-03 became effective for public business entities in annual and interim periods beginning after December 15, 2015 with retroactive application. The Company retrospectively adopted ASU 2015-03 effective January 1, 2016 and the impact on the Company’s consolidated balance sheet at December 31, 2015 was to reduce each of other assets and debt by $5.6 million, respectively, which represented the deferred debt issuance costs previously recorded in other assets and reclassified as an offset to debt. In addition, for the three months ended March 31, 2015, corporate expense was reduced by $65 thousand and interest expense was increased by $65 thousand to reclassify the amortization of deferred debt issuance costs from corporate expense to interest expense. There was no net impact on the Company’s consolidated statements of operations or financial position as a result of the retrospective adoption of ASU 2015-03.

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the FASB issued ASU No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (“ASU 2015-07”). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net

asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 became effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. A reporting entity should apply the amendments retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application was permitted. The Company retrospectively adopted ASU 2015-07 effective January 1, 2016; since this update is disclosure-related only, it did not have a material impact on the Company's statements of operations and financial position.

Simplifying the Accounting for Measurement-Period Adjustments

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments ("ASU 2015-16"). ASU 2015-16 removes the requirement to retrospectively account for adjustments made to provisional amounts recognized in a business combination. Rather, those adjustments are to be recognized by the acquirer in the reporting period in which the adjustment amounts are determined. A reporting entity is also required to disclose, in the reporting period in which the adjustment amounts are recorded, the effect on earnings of changes in depreciation, amortization, or other income effects, as a result of the change to provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition, the reporting entity would present on the face of the income statement or disclose in the notes the amounts that would have been recorded in previous reporting periods if the adjustment to provisional amounts had been recognized as of the acquisition date. ASU 2015-16 was effective for public business entities in annual and interim periods beginning after December 15, 2015. ASU 2015-16 should be applied prospectively to adjustments for provisional amounts that occur after the effective date, with earlier application permitted for financial statements that have not been issued. The Company adopted ASU 2015-16 effective January 1, 2016 and it did not have a material impact on the Company's consolidated statements of operations and financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also provides guidance on accounting for certain contract costs and will also require new disclosures. ASU 2014-09 is effective for public business entities in annual and interim periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

Disclosures about Short-Duration Contracts

In May 2015, the FASB issued ASU No. 2015-09, Disclosures about Short-Duration Contracts ("ASU 2015-09"). ASU 2015-09 requires insurance entities to disclose for annual reporting periods additional information about the liability for unpaid claims and claim adjustment expenses, including: (1) incurred and paid claims development information by accident year, on a net basis, for the number of years for which claims incurred typically remain outstanding, not exceeding 10 years; (2) a reconciliation of incurred and paid claims development information to the aggregate carry amount of the liability for claims and claim adjustment expenses, with separate disclosure of reinsurance recoverable on unpaid claims for each period presented in the statement of financial position; (3) for each accident year presented of incurred claims development information, the total of incurred but not reported liabilities plus expected development on reported claims including in the liability for unpaid claims and claim adjustment expenses, accompanied by a description of the reserving methodologies; (4) for each accident year presented of incurred claims development information, quantitative information about claim frequency accompanied by a qualitative description of methodologies used for determining claim frequency information; and (5) for all claims, the

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average annual percentage payout of incurred claims by age for the same number of accident years presented in (3) and (4) above. ASU 2015-09 also requires insurance entities to disclose information about significant changes in methodologies and assumptions used to calculate the liability for unpaid claims and claim adjustment expenses, including the reasons for the change and the effects on the financial statements. In addition, ASU 2015-09 requires insurance entities to disclose for annual and interim reporting periods a rollforward of the liability for unpaid claims and claim adjustment expenses. ASU 2015-09 is effective for public business entities in annual periods beginning after December 31, 2015, and interim periods within annual periods beginning after December 31, 2016. Early adoption is permitted. ASU 2015-09 should be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. As this guidance is disclosure-related only, the adoption of this guidance is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting or those that result in the consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, simplifies the impairment assessment of equity investments without readily determinable values by requiring a qualitative assessment to identify impairment, eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value for financial instruments measured at amortized cost, requires the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation in other comprehensive income of the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the organization has elected to measure the liabilities in accordance with the fair value option, requires the separate presentation of financial assets and financial liabilities by measurement category and for form of financial asset on the balance sheet or the accompanying notes to the financial statements and clarifies that the reporting organization should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the organization's other deferred tax assets. ASU 2016-01 is effective for public business entities in annual and interim periods beginning after December 15, 2017. Earlier adoption is generally not permitted, except for certain specific provisions of ASU 2016-01. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

NOTE 3. INVESTMENTS

Fixed Maturity Investments Trading

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

	March 31, 2016	December 31, 2015
U.S. treasuries	$2,475,747	$ 2,064,944
Agencies	85,270	137,976
Municipal	564,555	583,282
Non-U.S. government (Sovereign debt)	353,756	334,981
Non-U.S. government-backed corporate	164,724	138,994
Corporate	1,833,825	2,055,323
Agency mortgage-backed	497,943	504,368
Non-agency mortgage-backed	248,609	262,235
Commercial mortgage-backed	535,068	554,625
Asset-backed	131,095	128,277
Total fixed maturity investments trading	$6,890,592	$ 6,765,005

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, 2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Agency mortgage-backed	$ 141	$ 9	$ —	$ 150	$ —
Non-agency mortgage-backed	6,627	1,336	—	7,963	525
Commercial mortgage-backed	5,616	256	—	5,872	—
Total fixed maturity investments available for sale	$ 12,384	$ 1,601	$ —	$ 13,985	$ 525

		Included in Accumulated Other Comprehensive Income			
December 31, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Agency mortgage-backed	$ 143	$ 7	$ —	$ 150	$ —
Non-agency mortgage-backed	7,005	1,523	—	8,528	550
Commercial mortgage-backed	6,578	293	—	6,871	—
Asset-backed	2,217	47	—	2,264	—
Total fixed maturity investments available for sale	$ 15,943	$ 1,870	$ —	$ 17,813	$ 550

(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 described in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Trading		Available for Sale		Total Fixed Maturity Investments	
March 31, 2016	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$217,858	$215,975	$—	$—	$217,858	$215,975
Due after one through five years	4,002,809	4,011,832	—	—	4,002,809	4,011,832
Due after five through ten years	1,028,014	1,035,877	—	—	1,028,014	1,035,877
Due after ten years	207,716	214,193	—	—	207,716	214,193
Mortgage-backed	1,270,780	1,281,620	12,384	13,985	1,283,164	1,295,605
Asset-backed	131,077	131,095	—	—	131,077	131,095
Total	$6,858,254	$6,890,592	$12,384	$13,985	$6,870,638	$6,904,577

Equity Investments Trading

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

	March 31, 2016	December 31, 2015
Financials	$190,916	$ 193,716
Communications and technology	47,751	65,833
Industrial, utilities and energy	37,956	51,168
Consumer	29,997	40,918
Healthcare	24,374	36,148
Basic materials	4,515	6,094
Total	$335,509	$ 393,877

Pledged Investments

At March 31, 2016, $2.4 billion 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 letter of credit facilities (December 31, 2015 - $2.5 billion). Of this amount, $0.7 billion is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities (December 31, 2015 - $0.7 billion).

Reverse Repurchase Agreements

At March 31, 2016, the Company held $40.3 million (December 31, 2015 - $26.2 million) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of short term investments on the Company’s consolidated balance sheets. The required collateral for these loans typically include high-quality, readily marketable instruments at a minimum amount of 102% of the loan principal. Upon maturity, the Company receives principal and interest income.

Net Investment Income

The components of net investment income are as follows:

	Three months ended	
	March 31, 2016	March 31, 2015
Fixed maturity investments	$36,006	$25,939
Short term investments	1,000	197
Equity investments	1,663	2,604
Other investments		
Private equity investments	(9,358)	10,413
Other	3,309	3,508
Cash and cash equivalents	129	148
	32,749	42,809
Investment expenses	(3,886)	(3,102)
Net investment income	$28,863	$39,707

Net Realized and Unrealized Gains on Investments

Net realized and unrealized gains on investments are as follows:

	Three months ended	
	March 31, 2016	March 31, 2015
Gross realized gains	$17,750	$21,532
Gross realized losses	(14,665)	(4,871)
Net realized gains on fixed maturity investments	3,085	16,661
Net unrealized gains on fixed maturity investments trading	85,465	25,972
Net realized and unrealized losses on investments-related derivatives	(19,449)	(4,208)
Net realized (losses) gains on equity investments trading	(818)	7,481
Net unrealized losses on equity investments trading	(6,630)	(4,157)
Net realized and unrealized gains on investments	$61,653	$41,749

The Company did not have any fixed maturity investments available for sale in an unrealized loss position at March 31, 2016 or December 31, 2015.

NOTE 4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

At March 31, 2016	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	$2,475,747	$2,475,747	$—	$ —
Agencies	85,270	—	85,270	—
Municipal	564,555	—	564,555	—
Non-U.S. government (Sovereign debt)	353,756	—	353,756	—
Non-U.S. government-backed corporate	164,724	—	164,724	—
Corporate	1,833,825	—	1,826,325	7,500
Agency mortgage-backed	498,093	—	498,093	—
Non-agency mortgage-backed	256,572	—	256,572	—
Commercial mortgage-backed	540,940	—	540,940	—
Asset-backed	131,095	—	131,095	—
Total fixed maturity investments	6,904,577	2,475,747	4,421,330	7,500
Short term investments	1,171,523	—	1,171,523	—
Equity investments trading	335,509	335,509	—	—
Other investments				
Catastrophe bonds	272,397	—	272,397	—
Private equity partnerships (1)	200,465	—	—	—
Senior secured bank loan fund (1)	22,334	—	—	—
Hedge funds (1)	1,704	—	—	—
Total other investments	496,900	—	272,397	—
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (2)	(4,724)	—	—	(4,724)
Derivatives (3)	(5,908)	(1,490)	(4,418)	—
Other	(1,303)	—	(1,303)	—
Total other assets and (liabilities)	(11,935)	(1,490)	(5,721)	(4,724)
	$8,896,574	$2,809,766	$5,859,529	$ 2,776

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(2) Included in assumed and ceded (re)insurance contracts at March 31, 2016 are $2.8 million and $7.5 million of other assets and other liabilities, respectively.

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

At December 31, 2015	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	$2,064,944	$2,064,944	$—	$ —
Agencies	137,976	—	137,976	—
Municipal	583,282	—	583,282	—
Non-U.S. government (Sovereign debt)	334,981	—	334,981	—
Non-U.S. government-backed corporate	138,994	—	138,994	—
Corporate	2,055,323	—	2,047,705	7,618
Agency mortgage-backed	504,518	—	504,518	—
Non-agency mortgage-backed	270,763	—	270,763	—
Commercial mortgage-backed	561,496	—	561,496	—
Asset-backed	130,541	—	130,541	—
Total fixed maturity investments	6,782,818	2,064,944	4,710,256	7,618
Short term investments	1,208,401	—	1,208,401	—
Equity investments trading	393,877	393,877	—	—
Other investments				
Catastrophe bonds	241,253	—	241,253	—
Private equity partnerships (1)	214,848	—	—	—
Senior secured bank loan fund (1)	23,231	—	—	—
Hedge funds (1)	2,289	—	—	—
Total other investments	481,621	—	241,253	—
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (2)	(5,899)	—	—	(5,899)
Derivatives (3)	1,486	(1,234)	2,720	—
Other	(12,320)	—	(12,320)	—
Total other assets and (liabilities)	(16,733)	(1,234)	(9,600)	(5,899)
	$8,849,984	$2,457,587	$6,150,310	$ 1,719

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(2) Included in assumed and ceded (re)insurance contracts at December 31, 2015 are $3.5 million and $9.4 million of other assets and other liabilities, respectively.

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

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

Fixed Maturity Investments

Fixed maturity investments included in Level 1 consist of the Company’s investments in U.S. treasuries. Fixed maturity investments included in Level 2 are agencies, municipal, non-U.S. government, non-U.S. government-backed corporate, corporate, agency mortgage-backed, non-agency mortgage-backed, commercial mortgage-backed and asset-backed.

The Company’s fixed maturity investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine month end prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing, however models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as 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, 2016, the Company’s U.S. treasuries fixed maturity investments were 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, 2015 - 1.3% 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, 2016, the Company’s agency fixed maturity investments had a weighted average effective yield of 1.5% and a weighted average credit quality of AA (December 31, 2015 - 1.7% and AA, respectively). The issuers of the Company’s agency fixed maturity investments primarily consist of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. Fixed maturity investments included in agencies are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

Municipal

Level 2 - At March 31, 2016, the Company’s municipal fixed maturity investments had a weighted average effective yield of 1.8% and a weighted average credit quality of AA (December 31, 2015 - 2.0% and AA, respectively). The Company’s municipal fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information regarding the security from third party sources such as trustees, paying agents or issuers. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread over widely accepted market benchmarks.

Non-U.S. government (Sovereign debt)

Level 2 - At March 31, 2016, the Company’s non-U.S. government fixed maturity investments had a weighted average effective yield of 1.0% and a weighted average credit quality of AA (December 31, 2015 - 1.4% and AA, respectively). The issuers of securities in this sector are non-U.S. governments and their respective agencies as well as supranational organizations. Securities held in these sectors are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Non-U.S. government-backed corporate

Level 2 - At March 31, 2016, the Company's non-U.S. government-backed corporate fixed maturity investments had a weighted average effective yield of 1.1% and a weighted average credit quality of AAA (December 31, 2015 - 1.3% and AA, respectively). Non-U.S. government-backed fixed maturity investments are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread to the respective curve for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Corporate

Level 2 - At March 31, 2016, the Company's corporate fixed maturity investments principally consisted of U.S. and international corporations and had a weighted average effective yield of 3.9% and a weighted average credit quality of BBB (December 31, 2015 - 3.8% and BBB, respectively). The Company's corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread which is added to the U.S. treasury curve or a security specific swap curve as appropriate.

Agency mortgage-backed

Level 2 - At March 31, 2016, the Company's agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 2.3%, a weighted average credit quality of AA and a weighted average life of 5.1 years (December 31, 2015 - 2.7%, AA and 6.1 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, 2016, the Company's non-agency prime residential mortgage-backed fixed maturity investments had a weighted average effective yield of 4.5%, a weighted average credit quality of non-investment grade, and a weighted average life of 4.1 years (December 31, 2015 - 3.8%, non-investment grade and 4.3 years, respectively). The Company's non-agency Alt-A fixed maturity investments held at March 31, 2016 had a weighted average effective yield of 5.5%, a weighted average credit quality of non-investment grade and a weighted average life of 5.4 years (December 31, 2015 - 4.7%, non-investment grade and 5.4 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 - At March 31, 2016, the Company's commercial mortgage-backed fixed maturity investments had a weighted average effective yield of 3.0%, a weighted average credit quality of AAA, and a weighted average life of 3.8 years (December 31, 2015 - 2.9%, AAA and 3.7 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.

Asset-backed

Level 2 - At March 31, 2016, the Company's asset-backed fixed maturity investments had a weighted average effective yield of 2.1%, a weighted average credit quality of AAA and a weighted average life of 2.5 years (December 31, 2015 - 2.1%, AAA and 2.5 years, respectively). The underlying collateral for the Company's asset-backed fixed maturity investments primarily consists of student loans, credit card receivables, auto loans and other receivables. Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services determine the expected cash flows for each security held in this sector using historical prepayment and default projections for the underlying collateral and current market data. In addition, a spread is applied to the relevant benchmark and used to discount the cash flows noted above to determine the fair value of the securities held in this sector.

Short Term Investments

Level 2 - The fair value of the Company's portfolio of short term investments is generally determined using amortized cost which approximates fair value and, in certain cases, in a manner similar to the Company's fixed maturity investments noted above.

Equity Investments, Classified as Trading

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

Other investments

Catastrophe bonds

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

Other assets and liabilities

Derivatives

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

Other
Level 2 - The liabilities measured at fair value and included in Level 2 at March 31, 2016 of $1.3 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, 2016	Fair Value (Level 3)	Valuation Technique	Unobservable (U) and Observable (O) Inputs	Low	High	Weighted Average or Actual
Fixed maturity investments						
Corporate	$7,500	See below	See below	n/a	n/a	n/a
Total fixed maturity investments	7,500					
Other assets and (liabilities)						
Assumed and ceded (re)insurance contracts	(1,164)	Internal valuation model	Bond price (U)	$94.39	$99.91	$97.32
			Liquidity discount (U)	n/a	n/a	1.3 %
Assumed and ceded (re)insurance contracts	(3,560)	Internal valuation model	Net undiscounted cash flows (U)	n/a	n/a	$(10,725)
			Expected loss ratio (U)	n/a	n/a	13.0 %
			Net acquisition expense ratio (O)	n/a	n/a	19.0 %
			Contract period (O)	0.5 years	3.0 years	2.2 years
			Discount rate (U)	n/a	n/a	0.9 %
Total assumed and ceded (re)insurance contracts	(4,724)					
Total other assets and (liabilities)	(4,724)					
	$2,776					

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 which had a fair value of $7.5 million at March 31, 2016. The Company intends to hold this investment until maturity, which is June 1, 2016, and therefore, given the short time frame until maturity, the Company determined that the par value of the investment approximated fair value at March 31, 2016.
Other assets and liabilities
Assumed and ceded (re)insurance contracts
Level 3 - At March 31, 2016, the Company had a $1.2 million net liability related to an assumed reinsurance contract accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on indicative pricing obtained from independent brokers and pricing vendors for similarly structured marketable securities. The most significant unobservable inputs include prices for similar marketable securities and a liquidity premium. The Company

considers the prices for similar securities to be unobservable, as there is little, if any market activity for these similar assets. In addition, the Company has estimated a liquidity premium that would be required if the Company attempted to effectively exit its position by executing a short sale of these securities. Generally, an increase in the prices for similar marketable securities or a decrease in the liquidity premium would result in an increase in the expected profit and ultimate fair value of this assumed reinsurance contract.

Level 3 - At March 31, 2016, the Company had a $3.6 million net liability related to assumed and ceded (re)insurance contracts accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on proprietary data as observable market inputs are generally not available. The most significant unobservable inputs include the assumed and ceded expected net cash flows related to the contracts, including the expected premium, acquisition expenses and losses; the expected loss ratio and the relevant discount rate used to present value the net cash flows. The contract period and acquisition expense ratio are considered observable input as each is defined in the contract. Generally, an increase in the net expected cash flows and expected term of the contract and a decrease in the discount rate, expected loss ratio or acquisition expense ratio, would result in an increase in the expected profit and ultimate fair value of these assumed and ceded (re)insurance contracts.

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 assets and (liabilities)	Total
Balance - January 1, 2016	$7,618	$ (5,899)	$1,719
Total unrealized (losses) gains			
Included in net investment income	(118)	—	(118)
Total realized gains			
Included in other income	—	1,700	1,700
Purchases	—	(525)	(525)
Balance - March 31, 2016	$7,500	$ (4,724)	$2,776
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(118)	$ —	$(118)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets and (liabilities)	Total
Balance - January 1, 2015	$15,660	$ (8,634)	$7,026
Total unrealized (losses) gains			
Included in net investment income	(186)	160	(26)
Total realized gains			
Included in other income	—	1,316	1,316
Total foreign exchange (losses) gains	—	6	6
Purchases	—	80,421	80,421
Balance - March 31, 2015	$15,474	$ 73,269	$88,743
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(186)	$ 160	$(26)

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 and cash equivalents, accrued investment income, receivables for investments sold, certain other assets, payables for investments purchased, certain other liabilities, and other financial instruments not included herein approximated their fair values.

Debt

Included on the Company's consolidated balance sheet at March 31, 2016 were debt obligations of $957.5 million (December 31, 2015 - $960.5 million). At March 31, 2016, the fair value of the Company's debt obligations was $992.5 million (December 31, 2015 – $973.3 million).

The fair value of the Company's debt obligations is determined using indicative market pricing obtained from third-party service providers, which the Company considers Level 2 in the fair value hierarchy. There have been no changes during the period in the Company's valuation technique used to determine the fair value of the Company's debt obligations.

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, 2016	December 31, 2015
Other investments	$496,900	$ 481,621
Other assets	$2,754	$ 3,463
Other liabilities	$7,478	$ 9,362

Included in net investment income for the three months ended March 31, 2016 was net unrealized losses of $15.4 million related to the changes in fair value of other investments (2015 – gains of $4.9 million). Net unrealized losses related to the changes in the fair value of other assets and liabilities recorded in other income for the three months ended March 31, 2016 was $Nil (2015 - $Nil).

Measuring the Fair Value of Other Investments Using Net Asset Valuations

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

At March 31, 2016	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Minimum Days)	Redemption Notice Period (Maximum Days)
Private equity partnerships	$200,465	$ 241,641	See below	See below	See below
Senior secured bank loan fund	22,334	2,330	See below	See below	See below
Hedge funds	1,704	—	See below	See below	See below
Total other investments measured using net asset valuations	$224,503	$ 243,971			

Private equity partnerships – The Company's investments in private equity partnerships included 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 Company generally has no right to redeem its interest in any of these private equity partnerships in advance of dissolution of the applicable private equity partnership. Instead, the nature of these investments is that distributions are received by the Company in connection with the liquidation of the underlying assets of the respective private equity partnership. It is estimated that the majority of the underlying assets of the limited partnerships would liquidate over 7 to 10 years from inception of the respective limited partnership.

Senior secured bank loan fund – At March 31, 2016, the Company had $22.3 million invested in a closed end fund which invests primarily in loans. The Company has no right to redeem its investment in this fund. It is estimated that the majority of the underlying assets in this closed end fund would liquidate over 4 to 5 years from inception of the fund.

Hedge funds – The Company invests in hedge funds that pursue multiple strategies. The Company's investments in hedge funds at March 31, 2016 were $1.7 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 5. 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, 2016	March 31, 2015
Premiums written		
Direct	$43,176	$30,813
Assumed	818,957	612,765
Ceded	(350,458)	(239,543)
Net premiums written	$511,675	$404,035
Premiums earned		
Direct	$33,140	$22,901
Assumed	456,641	382,603
Ceded	(136,175)	(108,744)
Net premiums earned	$353,606	$296,760
Claims and claim expenses		
Gross claims and claim expenses incurred	$161,998	$88,995
Claims and claim expenses recovered	(35,393)	(12,142)
Net claims and claim expenses incurred	$126,605	$76,853

NOTE 6. NONCONTROLLING INTERESTS

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

	March 31, 2016	December 31, 2015
Redeemable noncontrolling interest - DaVinciRe	$926,141	$ 930,955
Redeemable noncontrolling interest - Medici	155,196	115,009
Redeemable noncontrolling interest	$1,081,337	$ 1,045,964

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

	Three months ended	
	March 31, 2016	March 31, 2015
Redeemable noncontrolling interest - DaVinciRe	$42,964	$ 38,326
Redeemable noncontrolling interest - Medici	1,627	1,336
Net income attributable to redeemable noncontrolling interests	$44,591	$ 39,662

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 redeemable noncontrolling interests. The Company's noncontrolling economic ownership in DaVinciRe was 24.0% at March 31, 2016 (December 31, 2015 - 26.3%).

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 January 1 of the following year. The repurchase price is generally subject to a true-up for potential development on outstanding loss reserves after settlement of all claims relating to the applicable years.

2015

During January 2015, DaVinciRe redeemed a portion of its outstanding shares from certain existing DaVinciRe shareholders, including RenaissanceRe. The net redemption as a result of these transactions was $225.0 million. In connection with the redemption, DaVinciRe retained a $22.5 million holdback. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 26.3%, effective January 1, 2015.

2016

During January 2016, DaVinciRe redeemed a portion of its outstanding shares from certain existing DaVinciRe shareholders, including RenaissanceRe, while new DaVinciRe shareholders purchased shares in DaVinciRe from RenaissanceRe. The net redemption as a result of these transactions was $100.0 million. In connection with the redemption, DaVinciRe retained a $10.0 million holdback. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 24.0%, effective January 1, 2016.

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, 2016	March 31, 2015
Beginning balance	$930,955	$1,037,306
Redemption of shares from redeemable noncontrolling interest	(90,818)	(207,898)
Sale of shares to redeemable noncontrolling interests	43,040	—
Net income attributable to redeemable noncontrolling interest	42,964	38,326
Ending balance	$926,141	$867,734

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 redeemable 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.

2015

During 2015, third-party investors subscribed for and redeemed an aggregate of $36.1 million and $20.1 million, respectively, of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company's economic ownership in Medici was 46.1%, effective December 31, 2015.

2016

During the three months ended March 31, 2016, third-party investors subscribed for and redeemed an aggregate of $39.5 million and $0.9 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 was 39.0% at March 31, 2016.

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, 2016	March 31, 2015
Beginning balance	$115,009	$94,402
Redemption of shares from redeemable noncontrolling interest	(940)	(14,684)
Sale of shares to redeemable noncontrolling interests	39,500	19,643
Net income attributable to redeemable noncontrolling interest	1,627	1,336
Ending balance	$155,196	$100,697

NOTE 7. 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.

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.

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 has the power over the activities that most significantly impact the economic performance of Upsilon RFO and has the obligation to absorb expected losses and the right to receive expected benefits that could be significant to Upsilon RFO, in accordance with the accounting guidance. As a result, the Company consolidates Upsilon RFO and all significant inter-company transactions have been eliminated. Other than its equity investment in Upsilon RFO, the Company has not provided financial or other support to Upsilon RFO that it was not contractually required to provide.

2015

During 2015, Upsilon RFO returned capital to all of the investors who participated in risks incepting during 2014, including the Company. The total amount of capital agreed to be returned was $420.2 million, including $132.3 million to the Company, with $418.5 million of this having been repaid to date, including $131.6 million to the Company.

In conjunction with risks incepting during 2015, $153.7 million of Upsilon RFO non-voting preference shares were issued to unaffiliated third-party investors through their investment in Upsilon Fund. Additionally, $42.5 million of the non-voting preference shares were issued to the Company, representing a 21.7% participation in the risks assumed by Upsilon RFO incepting during 2015.

2016

Effective January 1, 2016, Upsilon RFO returned capital to all of the investors who participated in risks incepting on January 1, 2015 and expiring on December 31, 2015, including the Company. The total amount of capital available to be returned was $200.5 million, including $41.3 million to the Company. In conjunction with risks incepting January 1, 2016, $62.5 million of Upsilon RFO non-voting preference shares were issued to unaffiliated third-party investors through their investment in Upsilon Fund. Additionally, $25.3 million of the non-voting preference shares were issued to the Company, representing a 28.3% participation in the risks assumed by Upsilon RFO. As a result of these transactions, the net amount to be returned to unaffiliated third-party investors and the Company was $96.7 million and $16.0 million, respectively.

At March 31, 2016, the Company’s consolidated balance sheet included total assets and total liabilities of Upsilon RFO of $173.6 million and $173.5 million, respectively (December 31, 2015 - $250.6 million and $250.5 million, respectively).

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 to third-party investors.

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

The Company concluded that Mona Lisa Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. Therefore, the Company evaluated its relationship with Mona Lisa Re and concluded it does not have a variable interest in Mona Lisa Re. As a result, the financial position and results of operations of Mona Lisa Re are not consolidated by the Company. At March 31, 2016, the total assets and total liabilities of Mona Lisa Re were $181.2 million and $181.2 million, respectively (December 31, 2015 - $184.0 million and $184.0 million, respectively).

The only transactions related to Mona Lisa Re that are recorded in the Company’s consolidated financial statements are the ceded reinsurance agreements entered into by Renaissance Reinsurance and DaVinci which are accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. Renaissance Reinsurance and DaVinci have together entered into ceded reinsurance contracts with Mona Lisa Re with gross premiums ceded of $0.1 million and $0.1 million, respectively, during the three months ended March 31, 2016 (2015 - $0.1 million and $0.1 million, respectively). In addition, Renaissance Reinsurance and DaVinci recognized ceded premiums earned related to the ceded reinsurance contracts with Mona Lisa Re of $1.9 million and $1.3 million, respectively, during the three months ended March 31, 2016 (2015 - $1.9 million and $1.3 million, respectively).

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NOTE 8. SHAREHOLDERS' EQUITY

Dividends

The Board of Directors of RenaissanceRe declared a dividend of $0.31 per common share to common shareholders of record on March 15, 2016 and RenaissanceRe paid a dividend of $0.31 per common share to common shareholders on March 31, 2016. During the three months ended March 31, 2016, the Company declared and paid $5.6 million in preference share dividends (2015 - $5.6 million) and $13.3 million in common share dividends (2015 - $13.7 million).

Share Repurchases

The Company's share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. On February 19, 2016, RenaissanceRe's Board of Directors approved a renewal of its authorized share repurchase program for an aggregate amount of $500.0 million. Unless terminated earlier by 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, 2016, the Company repurchased an aggregate of 769 thousand shares in open market transactions at an aggregate cost of $85.2 million, and at an average share price of $110.72. At March 31, 2016, $494.1 million remained available for repurchase under the share repurchase program. See "Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds" for additional information related to the Company's share repurchase program.

NOTE 9. EARNINGS PER SHARE

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

(thousands of shares)	Three months ended March 31, 2016	Three months ended March 31, 2015
Numerator:		
Net income available to RenaissanceRe common shareholders	$127,995	$167,843
Amount allocated to participating common shareholders (1)	(1,601)	(2,025)
Net income allocated to RenaissanceRe common shareholders	$126,394	$165,818
Denominator:		
Denominator for basic income per RenaissanceRe common share - weighted average common shares	42,577	39,631
Per common share equivalents of employee stock options and restricted shares	335	390
Denominator for diluted income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions	42,912	40,021
Net income available to RenaissanceRe common shareholders per common share – basic	$2.97	$4.18
Net income available to RenaissanceRe common shareholders per common share – diluted	$2.95	$4.14

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

NOTE 10. SEGMENT REPORTING

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

The underwriting results of Platinum are included in the Company's Catastrophe Reinsurance and Specialty Reinsurance segments from March 2, 2015.

The financial results of the Company's strategic investments, former Insurance segment and redeemable noncontrolling interests are included in the Other category of the Company's segment results. Also included in the Other category of the Company's segment results are the Company's investments in other ventures, investments unit, corporate expenses, capital servicing costs and certain expenses related to the acquisition of Platinum.

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, 2016	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd’s	Other	Total
Gross premiums written	$360,423	$368,989	$132,721	$—	$862,133
Net premiums written	$188,785	$260,091	$62,799	$—	$511,675
Net premiums earned	$136,985	$155,318	$61,303	$—	$353,606
Net claims and claim expenses incurred	7,820	91,852	27,016	(83)	126,605
Acquisition expenses	9,580	41,725	14,287	—	65,592
Operational expenses	20,268	21,773	14,134	60	56,235
Underwriting income (loss)	$99,317	$(32)	$5,866	$23	105,174
Net investment income				28,863	28,863
Net foreign exchange losses				(1,692)	(1,692)
Equity in earnings of other ventures				1,611	1,611
Other income				4,079	4,079
Net realized and unrealized gains on investments				61,653	61,653
Corporate expenses				(8,225)	(8,225)
Interest expense				(10,538)	(10,538)
Income before taxes and redeemable noncontrolling interests					180,925
Income tax expense				(2,744)	(2,744)
Net income attributable to redeemable noncontrolling interests				(44,591)	(44,591)
Dividends on preference shares				(5,595)	(5,595)
Net income available to RenaissanceRe common shareholders					$127,995
Net claims and claim expenses incurred – current accident year	$13,883	$88,378	$25,948	$—	$128,209
Net claims and claim expenses incurred – prior accident years	(6,063)	3,474	1,068	(83)	(1,604)
Net claims and claim expenses incurred – total	$7,820	$91,852	$27,016	$(83)	$126,605
Net claims and claim expense ratio – current accident year	10.1%	56.9%	42.3%		36.3%
Net claims and claim expense ratio – prior accident years	(4.4)%	2.2%	1.8%		(0.5)%
Net claims and claim expense ratio – calendar year	5.7%	59.1%	44.1%		35.8%
Underwriting expense ratio	21.8%	40.9%	46.3%		34.5%
Combined ratio	27.5%	100.0%	90.4%		70.3%

Three months ended March 31, 2015	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd's	Other	Total
Gross premiums written (1)	$389,247	$124,291	$130,130	$(90)	$643,578
Net premiums written	$222,640	$103,915	$77,569	$(89)	$404,035
Net premiums earned	$143,767	$94,876	$58,206	$(89)	$296,760
Net claims and claim expenses incurred	7,594	39,588	29,843	(172)	76,853
Acquisition expenses	7,654	20,689	14,693	365	43,401
Operational expenses	20,363	13,290	11,940	28	45,621
Underwriting income (loss)	$108,156	$21,309	$1,730	$(310)	130,885
Net investment income				39,707	39,707
Net foreign exchange losses				(3,130)	(3,130)
Equity in earnings of other ventures				5,295	5,295
Other income				1,539	1,539
Net realized and unrealized gains on investments				41,749	41,749
Corporate expenses				(45,533)	(45,533)
Interest expense				(5,316)	(5,316)
Income before taxes and redeemable noncontrolling interests					165,196
Income tax benefit				47,904	47,904
Net income attributable to redeemable noncontrolling interests				(39,662)	(39,662)
Dividends on preference shares				(5,595)	(5,595)
Net income available to RenaissanceRe common shareholders					$167,843
Net claims and claim expenses incurred – current accident year	$24,124	$49,264	$25,610	$—	$98,998
Net claims and claim expenses incurred – prior accident years	(16,530)	(9,676)	4,233	(172)	(22,145)
Net claims and claim expenses incurred – total	$7,594	$39,588	$29,843	$(172)	$76,853
Net claims and claim expense ratio – current accident year	16.8 %	51.9 %	44.0 %		33.4 %
Net claims and claim expense ratio – prior accident years	(11.5)%	(10.2)%	7.3 %		(7.5)%
Net claims and claim expense ratio – calendar year	5.3 %	41.7 %	51.3 %		25.9 %
Underwriting expense ratio	19.5 %	35.8 %	45.7 %		30.0 %
Combined ratio	24.8 %	77.5 %	97.0 %		55.9 %

(1) Included in gross premiums written in the Other category is the elimination of inter-segment gross premiums written of $0.1 million for the three months ended March 31, 2015.

NOTE 11. DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for yield enhancement, or for trading and speculation. The Company'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, 2016	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	$1,451	1,320	$ 131	Other assets	$ —	$ 131
Foreign currency forward contracts (1)	5,041	89	4,952	Other assets	—	4,952
Foreign currency forward contracts (2)	231	198	33	Other assets	—	33
Credit default swaps	3	1	2	Other assets	—	2
Total	$6,726	$ 1,608	$ 5,118		$ —	$ 5,118

	Derivative Liabilities					
At March 31, 2016	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	$2,941	1,320	$ 1,621	Other liabilities	$ 1,621	$ —
Foreign currency forward contracts (1)	6,979	604	6,375	Other liabilities	—	6,375
Foreign currency forward contracts (2)	2,902	198	2,704	Other liabilities	—	2,704
Credit default swaps	327	1	326	Other liabilities	326	—
Total	$13,149	$ 2,123	$ 11,026		$ 1,947	$ 9,079

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

At December 31, 2015	Derivative Assets Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$1,059	937	$ 122	Other assets	$ —	$ 122
Foreign currency forward contracts (1)	4,645	82	4,563	Other assets	—	4,563
Foreign currency forward contracts (2)	1,007	599	408	Other assets	—	408
Credit default swaps	257	44	213	Other assets	—	213
Total	$6,968	$ 1,662	$ 5,306		$ —	$ 5,306

At December 31, 2015	Derivative Liabilities Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
Interest rate futures	$2,293	937	$ 1,356	Other liabilities	$ 1,356	$ —
Foreign currency forward contracts (1)	1,891	81	1,810	Other liabilities	—	1,810
Foreign currency forward contracts (2)	806	599	207	Other liabilities	—	207
Credit default swaps	491	44	447	Other liabilities	447	—
Total	$5,481	$ 1,661	$ 3,820		$ 1,803	$ 2,017

(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 3. Investments” for information on reverse repurchase agreements.

The location and amount of the gain (loss) recognized in the Company's consolidated statements of operations related to its 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,		2016	2015
Interest rate futures	Net realized and unrealized gains on investments	$(19,359)	$(4,408)
Foreign currency forward contracts (1)	Net foreign exchange losses	(1,374)	3,611
Foreign currency forward contracts (2)	Net foreign exchange losses	(5,858)	9,210
Credit default swaps	Net realized and unrealized gains on investments	(90)	40
Weather contract	Net realized and unrealized gains on investments	—	160
Total		$(26,681)	$8,613

(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, 2016.

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, 2016, the Company had $978.6 million of notional long positions and $1,140.8 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (December 31, 2015 - $1,012.5 million and $1,115.9 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, 2016, the Company had outstanding underwriting related foreign currency contracts of $235.9 million in notional long positions and $178.9 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - $172.4 million and $101.5 million, respectively).

Investment Portfolio Related Foreign Currency Forward Contracts

The Company's investment operations are exposed to currency fluctuations through its investments in non-U.S. dollar fixed maturity investments, short term investments and other investments. From time to time, the Company may employ foreign currency forward contracts in its investment portfolio to either assume foreign currency risk or to economically hedge its exposure to currency fluctuations from these investments. 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, 2016, the Company had outstanding investment portfolio related foreign currency contracts of $13.0 million in notional long positions and $143.3 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - $31.3 million and $143.4 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, 2016, the Company had outstanding credit derivatives of $Nil in notional long positions and $10.7 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - $Nil and $46.1 million, respectively).

NOTE 12. 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, 2015.

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

The following tables present condensed consolidating balance sheets at March 31, 2016 and December 31, 2015, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three months ended March 31, 2016 and 2015, and condensed consolidating statements of cash flow for the three months ended March 31, 2016 and 2015. Each of RenRe North America Holdings Inc., Platinum Underwriters Finance, Inc. and RenaissanceRe Finance is a 100% owned subsidiary of RenaissanceRe. For additional information related to the terms of the Company's outstanding debt securities, see "Note 10. Debt and Credit Facilities in the Company's Notes to Consolidated Financial Statements" in the Company's Form 10-K for the year ended December 31, 2015.

Condensed Consolidating Balance Sheet at March 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets							
Total investments	$ 363,935	$ 122,378	$ 300,411	$ —	$ 8,253,477	$ —	$ 9,040,201
Cash and cash equivalents	5,106	265	2,233	6,443	435,102	—	449,149
Investments in subsidiaries	3,886,801	45,715	890,244	1,210,210	—	(6,032,970)	—
Due from subsidiaries and affiliates	166,761	83,978	—	—	—	(250,739)	—
Premiums receivable	—	—	—	—	1,094,116	—	1,094,116
Prepaid reinsurance premiums	—	—	—	—	444,954	—	444,954
Reinsurance recoverable	—	—	—	—	167,228	—	167,228
Accrued investment income	1,505	257	464	—	35,266	—	37,492
Deferred acquisition costs	—	—	—	—	287,291	—	287,291
Receivable for investments sold	19	9	28	—	204,250	—	204,306
Other assets	396,973	28,749	12,510	126,958	110,121	(507,797)	167,514
Goodwill and other intangible assets	135,400	—	—	—	126,262	—	261,662
Total assets	$ 4,956,500	$ 281,351	$ 1,205,890	$ 1,343,611	$ 11,158,067	$ (6,791,506)	$ 12,153,913
Liabilities, Noncontrolling Interests and Shareholders' Equity							
Liabilities							
	$ —	$ —	$ —	$ —	$ 2,811,523	$ —	$ 2,811,523

Reserve for claims and claim expenses							
Unearned premiums	—	—	—	—	1,261,454	—	1,261,454
Debt	117,000	—	264,985	545,363	147,188	(117,000)	957,536
Amounts due to subsidiaries and affiliates	70,981	199	343	89,183	—	(160,706)	—
Reinsurance balances payable	—	—	—	—	618,344	—	618,344
Payable for investments purchased	—	48	14,852	—	439,693	—	454,593
Other liabilities	7,926	205	14,370	6,648	194,735	(15,351)	208,533
Total liabilities	195,907	452	294,550	641,194	5,472,937	(293,057)	6,311,983
Redeemable noncontrolling interests	—	—	—	—	1,081,337	—	1,081,337
Shareholders' Equity							
Total shareholders' equity	4,760,593	280,899	911,340	702,417	4,603,793	(6,498,449)	4,760,593
Total liabilities, noncontrolling interests and shareholders' equity	$ 4,956,500	$ 281,351	$ 1,205,890	$ 1,343,611	$ 11,158,067	$ (6,791,506)	$ 12,153,913

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

Condensed Consolidating Balance Sheet at December 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets							
Total investments	$ 349,892	$ 127,087	$ 205,777	$ —	$ 8,316,312	$ —	$ 8,999,068
Cash and cash equivalents	10,185	5,908	7,103	677	483,012	—	506,885
Investments in subsidiaries	3,902,519	48,754	867,909	1,185,736	—	(6,004,918)	—
Due from subsidiaries and affiliates	81,282	69,739	—	—	—	(151,021)	—
Premiums receivable	—	—	—	—	778,009	—	778,009
Prepaid reinsurance premiums	—	—	—	—	230,671	—	230,671
Reinsurance recoverable	—	—	—	—	134,526	—	134,526
Accrued investment income	1,253	169	348	—	37,979	—	39,749
Deferred acquisition costs	—	—	—	—	199,380	—	199,380
Receivable for investments sold	26	1	68,537	—	152,270	—	220,834
Other assets	390,302	29,532	12,852	115,456	124,215	(491,346)	181,011
Goodwill and other intangible assets	137,064	—	—	—	128,090	—	265,154
Total assets	$ 4,872,523	$ 281,190	$ 1,162,526	$ 1,301,869	$ 10,584,464	$ (6,647,285)	$ 11,555,287
Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity							
Liabilities							
Reserve for claims and claim expenses	$ —	$ —	$ —	$ —	$ 2,767,045	$ —	$ 2,767,045
Unearned premiums	—	—	—	—	889,102	—	889,102
Debt	117,000	—	268,196	545,187	147,112	(117,000)	960,495
Amounts due to subsidiaries and affiliates	2,641	202	204	68,204	—	(71,251)	—
Reinsurance balances payable	—	—	—	—	523,974	—	523,974
	999	6	25	—	390,348	—	391,378

Payable for investments purchased							
Other liabilities	19,699	1,148	6,620	—	222,320	(4,642)	245,145
Total liabilities	140,339	1,356	275,045	613,391	4,939,901	(192,893)	5,777,139
Redeemable noncontrolling interests	—	—	—	—	1,045,964	—	1,045,964
Shareholders' Equity							
Total shareholders' equity	4,732,184	279,834	887,481	688,478	4,598,599	(6,454,392)	4,732,184
Total liabilities, redeemable noncontrolling interest and shareholders' equity	$ 4,872,523	$ 281,190	$ 1,162,526	$ 1,301,869	$ 10,584,464	$ (6,647,285)	$ 11,555,287

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

Condensed Consolidating Statement of Operations for the three months ended March 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	$ —	$ —	$ —	$ —	$ 353,606	$ —	$ 353,606
Net investment income	6,858	509	1,433	140	25,806	(5,883)	28,863
Net foreign exchange losses	(1)	—	—	—	(1,691)	—	(1,692)
Equity in earnings of other ventures	—	—	—	—	1,611	—	1,611
Other income	—	—	—	—	4,079	—	4,079
Net realized and unrealized gains on investments	4,488	1,115	1,964	—	54,086	—	61,653
Total revenues	11,345	1,624	3,397	140	437,497	(5,883)	448,120
Expenses							
Net claims and claim expenses incurred	—	—	—	—	126,605	—	126,605
Acquisition expenses	—	—	—	—	65,592	—	65,592
Operational expenses	(701)	(141)	52	7,009	55,096	(5,080)	56,235
Corporate expenses	5,613	—	—	—	2,612	—	8,225
Interest expense	140	—	1,476	6,543	2,519	(140)	10,538
Total expenses	5,052	(141)	1,528	13,552	252,424	(5,220)	267,195
Income (loss) before equity in net income (loss) of subsidiaries and taxes	6,293	1,765	1,869	(13,412)	185,073	(663)	180,925
Equity in net income (loss) of subsidiaries	123,538	(133)	22,335	24,479	—	(170,219)	—
Income before taxes	129,831	1,632	24,204	11,067	185,073	(170,882)	180,925
Income tax benefit (expense)	3,759	(561)	(344)	2,879	(8,477)	—	(2,744)
Net income	133,590	1,071	23,860	13,946	176,596	(170,882)	178,181
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(44,591)	—	(44,591)
Net income attributable to RenaissanceRe	133,590	1,071	23,860	13,946	132,005	(170,882)	133,590
Dividends on preference shares	(5,595)	—	—	—	—	—	(5,595)
Net income attributable to RenaissanceRe common shareholders	$ 127,995	$ 1,071	$ 23,860	$ 13,946	$ 132,005	$ (170,882)	$ 127,995

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

Condensed Consolidating Statement of Comprehensive Income for the three months ended March 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income							
Net income	$ 133,590	$ 1,071	$ 23,860	$ 13,946	$ 176,596	$ (170,882)	$ 178,181
Change in net unrealized gains on investments	—	—	—	—	(443)	—	(443)
Comprehensive income	133,590	1,071	23,860	13,946	176,153	(170,882)	177,738
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(44,591)	—	(44,591)
Comprehensive income attributable to noncontrolling interests	—	—	—	—	(44,591)	—	(44,591)
Comprehensive income attributable to RenaissanceRe	$ 133,590	$ 1,071	$ 23,860	$ 13,946	$ 131,562	$ (170,882)	$ 133,147

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

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Condensed Consolidating Statement of Operations for the three months ended March 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	$ —	$ —	$ —	$ —	$ 296,760	$ —	$ 296,760
Net investment income (loss)	2,624	331	(40)	36	37,730	(974)	39,707
Net foreign exchange losses	(10)	—	—	—	(3,120)	—	(3,130)
Equity in earnings of other ventures	—	—	—	—	5,295	—	5,295
Other income	166	—	—	—	1,538	(165)	1,539
Net realized and unrealized gains on investments	39	406	1	—	41,303	—	41,749
Total revenues	2,819	737	(39)	36	379,506	(1,139)	381,920
Expenses							
Net claims and claim expenses incurred	—	—	—	—	76,853	—	76,853
Acquisition expenses	—	—	—	—	43,401	—	43,401
Operational expenses	3,809	1,890	1	—	39,920	1	45,621
Corporate expenses	24,486	39	—	—	21,008	—	45,533
Interest expense	295	3,676	492	222	667	(36)	5,316
Total expenses	28,590	5,605	493	222	181,849	(35)	216,724
(Loss) income before equity in net income (loss) of subsidiaries and taxes	(25,771)	(4,868)	(532)	(186)	197,657	(1,104)	165,196
Equity in net income (loss) of subsidiaries	200,945	3,416	1,410	43,902	—	(249,673)	—
Income (loss) before taxes	175,174	(1,452)	878	43,716	197,657	(250,777)	165,196
Income tax (expense) benefit	(1,736)	31,005	(695)	65	19,265	—	47,904
Net income (loss)	173,438	29,553	183	43,781	216,922	(250,777)	213,100
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(39,662)	—	(39,662)
Net income (loss) attributable to RenaissanceRe	173,438	29,553	183	43,781	177,260	(250,777)	173,438
Dividends on preference shares	(5,595)	—	—	—	—	—	(5,595)
Net income (loss) available (attributable) to RenaissanceRe common	$ 167,843	$ 29,553	$ 183	$ 43,781	$ 177,260	$ (250,777)	$ 167,843

shareholders

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

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended March 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income (loss)							
Net income (loss)	$ 173,438	$ 29,553	$ 183	$ 43,781	$ 216,922	$ (250,777)	$ 213,100
Change in net unrealized gains on investments	—	—	—	—	(74)	—	(74)
Comprehensive income (loss)	173,438	29,553	183	43,781	216,848	(250,777)	213,026
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(39,662)	—	(39,662)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(39,662)	—	(39,662)
Comprehensive income (loss) attributable to RenaissanceRe	$ 173,438	$ 29,553	$ 183	$ 43,781	$ 177,186	$ (250,777)	$ 173,364

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

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Condensed Consolidating Statement of Cash Flows for the three months ended March 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows (used in) provided by operating activities						
Net cash (used in) provided by operating activities	$ (12,542)	$ (332)	$ 4,561	$ (15,213)	$ 13,819	$ (9,707)
Cash flows provided by (used in) investing activities						
Proceeds from sales and maturities of fixed maturity investments trading	80,763	25,376	20,566	—	2,413,368	2,540,073
Purchases of fixed maturity investments trading	(195,141)	(82,697)	(135,561)	—	(2,242,884)	(2,656,283)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	3,662	3,662
Net sales (purchases) of equity investments trading	—	158	138,834	—	(19,623)	119,369
Net sales (purchases) of short term investments	104,213	63,194	(33,409)	—	11	134,009
Net purchases of other investments	—	—	—	—	(39,698)	(39,698)
Dividends and return of capital from subsidiaries	118,544	2,900	—	—	(121,444)	—
Contributions to subsidiaries	(19,924)	—	—	—	19,924	—
Due to (from) subsidiary	23,054	(14,242)	139	20,979	(29,930)	—
Net cash provided by (used in) investing activities	111,509	(5,311)	(9,431)	20,979	(16,614)	101,132
Cash flows used in financing activities						
Dividends paid – RenaissanceRe common shares	(13,285)	—	—	—	—	(13,285)
Dividends paid – preference shares	(5,595)	—	—	—	—	(5,595)
RenaissanceRe common share repurchases	(85,166)	—	—	—	—	(85,166)
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	(50,374)	(50,374)
Net cash used in financing activities	(104,046)	—	—	—	(50,374)	(154,420)
Effect of exchange rate changes on foreign currency cash	—	—	—	—	5,259	5,259
Net (decrease) increase in cash and cash equivalents	(5,079)	(5,643)	(4,870)	5,766	(47,910)	(57,736)
	10,185	5,908	7,103	677	483,012	506,885

Cash and cash equivalents, beginning of period						
Cash and cash equivalents, end of period	$ 5,106	$ 265	$ 2,233	$ 6,443	$ 435,102	$ 449,149

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

Condensed Consolidating Statement of Cash Flows for the three months ended March 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows used in operating activities						
Net cash used in operating activities	$ (28,333)	$ (13,573)	$ (295)	$ (2,176)	$ (74,228)	$ (118,605)
Cash flows provided by (used in) investing activities						
Proceeds from sales and maturities of fixed maturity investments trading	—	5,007	45,029	—	2,025,642	2,075,678
Purchases of fixed maturity investments trading	—	—	—	—	(1,490,123)	(1,490,123)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	1,757	1,757
Net sales of equity investments trading	—	13,763	—	—	36,864	50,627
Net sales (purchases) of short term investments	44,839	(5,848)	(45,042)	—	118,846	112,795
Net purchases of other investments	—	—	—	—	(7,952)	(7,952)
Net purchases of investments in other ventures	—	—	—	—	(126)	(126)
Net purchases of other assets	—	—	—	—	(2,500)	(2,500)
Dividends and return of capital from subsidiaries	704,691	180,000	—	—	(884,691)	—
Contributions to subsidiaries	148,147	—	—	(180,000)	31,853	—
Due to (from) subsidiaries	117,006	(180,053)	—	(116,773)	179,820	—
Net purchase of Platinum	(904,433)	—	1,537	—	224,744	(678,152)
Net cash provided by (used in) investing activities	110,250	12,869	1,524	(296,773)	234,134	62,004
Cash flows (used in) provided by financing activities						
Dividends paid – RenaissanceRe common shares	(13,720)	—	—	—	—	(13,720)
Dividends paid – preference shares	(5,595)	—	—	—	—	(5,595)
RenaissanceRe common share repurchases	(446)	—	—	—	—	(446)
Net issuance (repayment) of debt	—	—	—	299,400	(1,577)	297,823
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	(180,285)	(180,285)
	(19,761)	—	—	299,400	(181,862)	97,777

Net cash (used in) provided by financing activities						
Effect of exchange rate changes on foreign currency cash	—	—	—	—	(9,142)	(9,142)
Net increase (decrease) in cash and cash equivalents	62,156	(704)	1,229	451	(31,098)	32,034
Cash and cash equivalents, beginning of period	5,986	1,033	—	—	518,565	525,584
Cash and cash equivalents, end of period	$ 68,142	$ 329	$ 1,229	$ 451	$ 487,467	$ 557,618

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

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

The following is a discussion and analysis of our results of operations for the three months ended March 31, 2016 and 2015, respectively. The following also includes a discussion of our liquidity and capital resources at March 31, 2016. This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in this filing and the audited consolidated financial statements and notes thereto contained in our Form 10-K for the fiscal year ended December 31, 2015. On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. Our results of operations for the first quarter of 2016 included the results of Platinum for the period January 1, 2016 through March 31, 2016, compared to the first quarter of 2015, which included the results of operations of Platinum for the period March 2, 2015 (the date of acquisition) through March 31, 2015. This filing contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from the results described or implied by these forward-looking statements. See "Note on Forward-Looking Statements."

OVERVIEW

RenaissanceRe is a leading global provider of reinsurance and insurance coverages and related services. Our aspiration is to be the world's best underwriter by matching well-structured risks with efficient sources of capital. Through our operating subsidiaries, we seek to produce superior returns for our shareholders by being a trusted, long-term partner to our customers for assessing and managing risk, and by delivering responsive solutions. We accomplish this by leveraging our core capabilities of risk assessment and information management, by investing in our capabilities to serve our customers across the cycles that have historically characterized our markets and by keeping our promises. Overall, our strategy focuses on superior risk selection, superior customer relationships and superior capital management. We provide value to our customers and joint venture partners in the form of financial security, innovative products, and responsive service. We are known as a leader in paying valid reinsurance claims promptly. We principally measure our financial success through long-term growth in tangible book value per common share plus the change in accumulated dividends, which we believe is the most appropriate measure of our financial performance, and believe we have delivered superior performance in respect of this measure over time.

Our core products include property catastrophe and specialty reinsurance risks written through our wholly owned operating subsidiaries, joint ventures and Syndicate 1458; and certain insurance products primarily written through Syndicate 1458. We believe we are one of the world's leading providers of property catastrophe reinsurance. We also believe we have a strong position in certain specialty reinsurance lines of business and a growing presence in the Lloyd's marketplace. Our reinsurance and insurance products are principally distributed through intermediaries, with whom we seek to cultivate strong long-term relationships. We continually explore appropriate and efficient ways to address the risk needs of our clients. We have created and managed, and continue to manage, multiple capital vehicles and may create additional risk bearing vehicles in the future. As our product and geographical diversity increases, we may be exposed to new risks, uncertainties and sources of volatility.

Since a meaningful portion of the reinsurance and insurance we write provides protection from damages relating to natural and man-made catastrophes, our results depend to a large extent on the frequency and severity of such catastrophic events, and the coverages we offer to customers affected by these events. We are exposed to significant losses from these catastrophic events and other exposures we cover. Accordingly, we expect a significant degree of volatility in our financial results and our financial results may vary significantly from quarter-to-quarter and from year-to-year, based on the level of insured catastrophic losses occurring around the world. Our acquisition of Platinum accelerated the growth of our U.S. platform by expanding our client base and enhancing our U.S. market presence in our casualty and specialty reinsurance lines of business. Accordingly, in the future, these lines of business may represent a greater proportion of our premiums and claims and claim expenses, and generate a higher percentage of our returns.

Our revenues are principally derived from three sources: (1) net premiums earned from the reinsurance and insurance policies we sell; (2) net investment income and realized and unrealized gains from the investment of our capital funds and the investment of the cash we receive on the policies which we sell; and (3) other income received from our joint ventures, advisory services and various other items.

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Our expenses primarily consist of: (1) net claims and claim expenses incurred on the policies of reinsurance and insurance we sell; (2) acquisition costs which typically represent a percentage of the premiums we write; (3) operating expenses which primarily consist of personnel expenses, rent and other operating expenses; (4) corporate expenses which include certain executive, legal and consulting expenses, costs for research and development, transaction and integration-related expenses, and other miscellaneous costs, including those associated with operating as a publicly traded company; (5) redeemable noncontrolling interests, which represent the interests of third parties with respect to the net income of DaVinciRe and Medici; and (6) interest and dividend costs related to our debt and preference shares. We are also subject to taxes in certain jurisdictions in which we operate. Since the majority of our income is currently earned in Bermuda, which does not have a corporate income tax, the tax impact to our operations has historically been minimal, however, in the future, our net tax exposure may increase as our operations expand geographically.

The underwriting results of an insurance or reinsurance company are discussed frequently by reference to its net claims and claim expense ratio, underwriting expense ratio, and combined ratio. The net claims and claim expense ratio is calculated by dividing net claims and claim expenses incurred by net premiums earned. The underwriting expense ratio is calculated by dividing underwriting expenses (acquisition expenses and operational expenses) by net premiums earned. The combined ratio is the sum of the net claims and claim expense ratio and the underwriting expense ratio. A combined ratio below 100% generally indicates profitable underwriting prior to the consideration of investment income. A combined ratio over 100% generally indicates unprofitable underwriting prior to the consideration of investment income. We also discuss our net claims and claim expense ratio on an accident year basis. This ratio is calculated by taking net claims and claim expenses, excluding development on net claims and claim expenses from events that took place in prior fiscal years, divided by net premiums earned.

Segments

Our business consists of the following reportable segments: (1) Catastrophe Reinsurance, which includes catastrophe reinsurance and certain property catastrophe joint ventures managed by our ventures unit; (2) Specialty Reinsurance, which includes specialty reinsurance and certain specialty joint ventures managed by our ventures unit; and (3) Lloyd’s, which includes reinsurance and insurance business written through Syndicate 1458. In addition, our Other category primarily includes our strategic investments, investments in other ventures, investments unit, corporate expenses, capital servicing costs, redeemable noncontrolling interests, certain expenses related to the acquisition of Platinum, and the remnants of our Bermuda-based insurance operations.

The underwriting results of Platinum are included in the Company’s Catastrophe Reinsurance and Specialty Reinsurance segments from March 2, 2015.

Catastrophe Reinsurance Segment

Property catastrophe reinsurance is our traditional core business, and is principally written through our wholly owned subsidiaries and our joint ventures. We believe we are one of the world’s leading providers of this coverage, based on total catastrophe gross premiums written. This coverage protects against large natural catastrophes, such as earthquakes, hurricanes and tsunamis, as well as claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, fires, wind storms, tornadoes, explosions and acts of terrorism. We offer this coverage to insurance companies and other reinsurers primarily on an excess of loss basis. This means we begin paying when our customers’ claims from a catastrophe exceed a certain retained amount. We also offer proportional coverages and other structures on a catastrophe-exposed basis and may increase these offerings on an absolute or relative basis in the future.

Specialty Reinsurance Segment

We write specialty reinsurance through our wholly owned subsidiaries and our joint ventures, covering principally certain targeted classes of business where we believe we have a sound basis for underwriting and pricing the risk we assume. Our portfolio includes various classes of casualty business, such as automobile liability, casualty clash, catastrophe exposed workers’ compensation, cyber liability, directors and officers liability, environmental liability, general liability, medical malpractice and professional indemnity, and other specialty lines of reinsurance such as accident and health, agriculture, aviation, financial guaranty, marine and energy, mortgage guaranty, multi-line regional, political risk, property, surety, terrorism and trade credit, which we collectively refer to as specialty reinsurance. The acquisition of Platinum has accelerated our strategy with respect to specialty reinsurance and we expect to experience growth in lines of business such as accident and health, multi-line regional and traditional workers compensation, and increase our presence within certain existing lines of business, including casualty clash, environmental liability, general liability, medical malpractice, professional indemnity and other casualty lines of business.

We believe we are seen as a market leader in certain of these classes of business. In recent years, we have expanded our specialty reinsurance operations, and we plan to continue to expand these operations over time. However, we cannot assure you we will succeed in growing these operations or that any growth we do attain will be profitable, or will contribute meaningfully to our results or financial condition, particularly in light of current and forecasted market conditions. Our specialty reinsurance premiums are prone to significant volatility as this business can be influenced by a small number of relatively large transactions. As with our catastrophe business, our team of experienced professionals seeks to underwrite these lines using a disciplined underwriting approach and sophisticated analytical tools.

Lloyd’s Segment

Our Lloyd’s segment includes insurance and reinsurance business written for our own account through Syndicate 1458. The syndicate enhances our underwriting platform by providing access to Lloyd’s extensive distribution network and worldwide licenses. RenaissanceRe CCL, an indirect wholly owned subsidiary of the Company, is the sole corporate member of Syndicate 1458. RenaissanceRe Syndicate Management Limited (“RSML”), a wholly owned subsidiary of RenaissanceRe, is the managing agent for Syndicate 1458. Syndicate 1458’s absolute and relative contributions to our consolidated results of operations have increased in recent years and we expect this trend to continue over time, although we cannot assure you we will succeed in executing our growth strategy in respect of Syndicate 1458, or that its results will be profitable, particularly in light of current and forecasted market conditions.

Syndicate 1458 offers a range of property and casualty insurance and reinsurance products including, but not limited to, direct and facultative property, property catastrophe, agriculture, medical malpractice, general liability and professional indemnity. Syndicate 1458 also writes business through delegated authority arrangements. Syndicate 1458 may seek to expand its coverages and capacity over time. As with our catastrophe and specialty reinsurance business, Syndicate 1458 frequently provides coverage for relatively large limits or exposures, and thus it is subject to potentially significant claims volatility.

Other

Our Other category primarily includes the results of: (1) our share of strategic investments, and other ventures, in certain markets we believe offer attractive risk-adjusted returns or where we believe our investment adds value, and where, rather than assuming exclusive management responsibilities ourselves, we partner with other market participants; (2) our investment unit which manages and invests the funds generated by our consolidated operations; (3) corporate expenses, capital services costs, certain expenses related to the acquisition of Platinum and redeemable noncontrolling interests; and (4) the remnants of our Bermuda-based insurance operations.

Ventures

We pursue a number of other opportunities through our ventures unit, which has responsibility for creating and managing our joint ventures, executing customized reinsurance transactions to assume or cede risk and managing certain investments directed at classes of risk other than catastrophe reinsurance.

New Business

From time to time we consider diversification into new ventures, either through organic growth, the formation of new joint ventures, or the acquisition of or the investment in other companies or books of business of other companies. This potential diversification includes opportunities to write targeted, additional classes of risk-exposed business, both directly for our own account and through new joint venture opportunities. We also regularly evaluate potential strategic opportunities we believe might utilize our skills, capabilities, proprietary technology and relationships to support possible expansion into further risk-related

coverages, services and products. Generally, we focus on underwriting or trading risks where we believe reasonably sufficient data is available and our analytical abilities provide us with a competitive advantage, in order for us to seek to model estimated probabilities of losses and returns in accordance with our approach in respect of our then current portfolio of risks.

We regularly review potential strategic transactions that might improve our portfolio of business, enhance or focus our strategies, expand our distribution or capabilities, or provide other benefits. In evaluating potential new ventures or investments, we generally seek an attractive estimated return on equity, the ability to develop or capitalize on a competitive advantage, and opportunities which we believe will not detract from our core operations. We believe that our ability to potentially attract investment and operational opportunities is supported by our strong reputation and financial resources, and by the capabilities and track record of our ventures unit.

Risk Management

We seek to develop and effectively utilize sophisticated computer models and other analytical tools to assess and manage the risks we underwrite and attempt to optimize our portfolio of reinsurance and insurance contracts and other financial risks. Our Chief Risk Officer, who reports directly to our Chief Executive Officer and President, oversees our policies, procedures, tools and resources used to monitor and assess our operational risks company wide, as well as our global enterprise-wide risk management practices.

With respect to our Reinsurance operations, we have developed and continuously seek to improve our proprietary, computer-based pricing and exposure management system, REMS©. We believe that REMS©, as updated from time to time, is a more robust underwriting and risk management system than is currently commercially available elsewhere in the reinsurance industry and offers us a significant competitive advantage.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The Company’s critical accounting estimates include “Claims and Claim Expense Reserves”, “Premiums and Related Expenses”, “Reinsurance Recoverables”, “Fair Value Measurements and Impairments” and “Income Taxes”, and are discussed in Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the year ended December 31, 2015. There have been no material changes to our critical accounting estimates as disclosed in our Form 10-K for the year ended December 31, 2015.

SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Three months ended March 31,	2016	2015	Change
(in thousands, except per share amounts and percentages)			
Statement of operations highlights			
Gross premiums written	$862,133	$643,578	$218,555
Net premiums written	$511,675	$404,035	$107,640
Net premiums earned	$353,606	$296,760	$56,846
Net claims and claim expenses incurred	126,605	76,853	49,752
Acquisition expenses	65,592	43,401	22,191
Operational expenses	56,235	45,621	10,614
Underwriting income	$105,174	$130,885	$(25,711)
Net investment income	$28,863	$39,707	$(10,844)
Net realized and unrealized (losses) gains on investments	61,653	41,749	19,904
Change in net unrealized gains on fixed maturity investments available for sale	(269)	(183)	(86)
Total investment result	$90,247	$81,273	$8,974
Net income	$178,181	$213,100	$(34,919)
Net income available to RenaissanceRe common shareholders	$127,995	$167,843	$(39,848)
Net income available to RenaissanceRe common shareholders per common share – diluted	$2.95	$4.14	$(1.19)
Dividends per common share	$0.31	$0.30	$0.01
Key ratios			
Net claims and claim expense ratio – current accident year	36.3%	33.4%	2.9%
Net claims and claim expense ratio – prior accident years	(0.5)%	(7.5)%	7.0%
Net claims and claim expense ratio – calendar year	35.8%	25.9%	9.9%
Underwriting expense ratio	34.5%	30.0%	4.5%
Combined ratio	70.3%	55.9%	14.4%
Return on average common equity - annualized	11.8%	17.1%	(5.3)%
Book value	March 31, 2016	December 31, 2015	Change