

PLATINUM UNDERWRITERS HOLDINGS LTD
Form 10-K
February 24, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009
or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-31341

Platinum Underwriters Holdings, Ltd.
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

98-0416483
(I.R.S. Employer Identification No.)

The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08, Bermuda
(Address of principal executive offices, including postal code)

Registrant's telephone number, including area code: (441) 295-7195

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, par value \$0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by a 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

The aggregate market value of common shares held by non-affiliates of the registrant as of June 30, 2009, the last business day of our most recently completed second fiscal quarter, was \$1,410,534,423 based on the closing sale price of \$28.59 per common share on the New York Stock Exchange on that date. For purposes of this computation only, all executive officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates.

The registrant had 45,743,361 common shares, par value \$0.01 per share, outstanding as of February 15, 2010

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2010 Annual General Meeting of Shareholders are incorporated by reference into Part III of this report.

PLATINUM UNDERWRITERS HOLDINGS, LTD.

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Note On Forward-Looking Statements

This Annual Report on Form 10-K for the year ended December 31, 2009 (this “Form 10-K”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). Forward-looking statements are based on our current plans or expectations that are inherently subject to significant business, economic and competitive uncertainties and contingencies. 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,” “predict,” “potential,” or of similar import generally involve forward-looking statements.

The inclusion of forward-looking statements in this Form 10-K should not be considered as a representation by us or any other person that our current plans or expectations will be achieved. Numerous factors could cause our actual results to differ materially from those in forward-looking statements, including the following:

- severe catastrophic events over which we have no control;
- the effectiveness of our loss limitation methods and pricing models;
- the adequacy of our liability for unpaid losses and loss adjustment expenses;
- our ability to maintain our A.M. Best Company, Inc. (“A.M. Best”) and Standard and Poor’s (“S&P”) ratings;
 - our ability to raise capital on acceptable terms if necessary;
 - the cyclicity of the property and casualty reinsurance business;
- the highly competitive nature of the property and casualty reinsurance industry;
- our ability to maintain our business relationships with reinsurance brokers;
- the availability of retrocessional reinsurance on acceptable terms;
- market volatility and interest rate and currency exchange rate fluctuation;

• tax, regulatory or legal restrictions or limitations applicable to us or the property and casualty reinsurance business generally;

• general political and economic conditions, including the effects of civil unrest, acts of terrorism, war or a prolonged United States or global economic downturn or recession; and

• changes in our plans, strategies, objectives, expectations or intentions, which may happen at any time at our discretion.

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 foregoing factors, which are discussed in more detail in Item 1A, “Risk Factors,” should not be construed as exhaustive. Additionally, 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 or circumstances after the date hereof or to reflect the occurrence of future events.

PART I

Item 1.

Business

General Overview

Platinum Underwriters Holdings, Ltd. (“Platinum Holdings”) is a holding company domiciled in Bermuda. Through our reinsurance subsidiaries, we provide property and marine, casualty and finite risk reinsurance coverages, through reinsurance intermediaries, to a diverse clientele of commercial and personal lines insurers and select reinsurers on a worldwide basis. For the year ended December 31, 2009, our Property and Marine, Casualty and Finite Risk operating segments accounted for approximately 58%, 39% and 3%, respectively, of our total net written premiums of \$897.8 million. As of December 31, 2009, we had total investments and cash and cash equivalents of \$4.4 billion and \$2.1 billion of shareholders’ equity. Our reinsurance subsidiaries currently have a financial strength rating of “A” (Excellent; 3rd of 16 categories) from A.M. Best and a financial strength rating of “A” (Strong; 6th of 21 categories) from S&P.

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Platinum Holdings was organized in 2002. We operate through two licensed reinsurance subsidiaries, Platinum Underwriters Bermuda, Ltd. (“Platinum Bermuda”), a Bermuda reinsurance company, and Platinum Underwriters Reinsurance, Inc. (“Platinum US”), a U.S. reinsurance company. Platinum Bermuda is a wholly owned subsidiary of Platinum Holdings and Platinum US is a wholly owned subsidiary of Platinum Underwriters Finance, Inc. (“Platinum Finance”). Platinum Finance is an intermediate holding company domiciled in the United States and a wholly owned subsidiary of Platinum Regency Holdings (“Platinum Regency”), an intermediate holding company domiciled in Ireland and a wholly owned subsidiary of Platinum Holdings. From 2003 through 2006, we also underwrote business in Platinum Re (UK) Limited (“Platinum UK”), a reinsurance company domiciled in the United Kingdom and a wholly owned subsidiary of Platinum Regency. In 2007, we ceased underwriting reinsurance business in Platinum UK. In 2009 we completed the novation of Platinum UK’s reinsurance contracts to Platinum Bermuda and the Financial Services Authority (the “FSA”) granted our application to withdraw Platinum UK’s insurance company license. Prior to November 1, 2002, Platinum US was an inactive licensed insurance company with no underwriting activity. Platinum Bermuda and Platinum UK were formed in 2002.

Platinum Holdings and its consolidated subsidiaries are collectively referred to in this Form 10-K as the “Company,” “we,” “us,” and “our,” unless the context otherwise indicates.

Our Strategy

We seek to achieve attractive long-term returns for our shareholders through disciplined risk management and market leadership in selected classes of property and marine, casualty and finite risk reinsurance by employing the following strategy:

Operate as a multi-class reinsurer. We seek to offer a broad range of reinsurance coverages to our ceding companies. We believe that this approach enables us to more effectively serve our clients, diversify our risk and leverage our capital.

Focus on profitability, not market share. Our management team pursues a strategy that emphasizes profitability rather than market share. Key elements of this strategy are prudent risk selection, appropriate pricing and adjustment of our business mix to respond to changing market conditions.

Exercise disciplined underwriting and risk management. We exercise underwriting and risk management discipline by: (i) maintaining a diverse spread of risk in our book of business across product lines and geographic zones, (ii) emphasizing excess-of-loss contracts over proportional contracts, (iii) managing our aggregate property catastrophe exposure through the application of sophisticated modeling tools and (iv) monitoring our accumulating exposures on non-property catastrophe exposed coverages.

Operate from a position of financial strength. Our capital is unencumbered by any potential adverse development of unpaid losses for business written prior to January 1, 2002. Our investment strategy focuses on security and stability in our investment portfolio by maintaining a portfolio that consists primarily of diversified, high quality, predominantly publicly-traded fixed maturity securities.

We believe this strategy allows us to maintain our strong financial position and to be opportunistic when market conditions are most attractive.

Operating Segments

We have organized our worldwide reinsurance business into the following three operating segments: Property and Marine, Casualty and Finite Risk. We generally write reinsurance in each of our operating segments on either an excess-of-loss basis or a proportional basis (which is also referred to as pro-rata or quota share).

In the case of excess-of-loss reinsurance, we assume all or a specified portion of the ceding company's risks in excess of a specified claim amount, referred to as the ceding company's retention or our attachment point, subject to a negotiated reinsurance contract limit. We manage our underwriting risk from excess-of-loss contracts by charging reinsurance premiums at specific retention levels, independent of the premiums charged by ceding companies, and based upon our own underwriting assumptions. Because ceding companies typically retain a larger loss exposure under excess-of-loss contracts, we believe that they typically have a strong incentive to underwrite risks and adjust losses in a prudent manner.

In the case of proportional reinsurance, we assume a predetermined portion of the ceding company's risks under the covered primary insurance contract or contracts. The frequency of claims under a proportional contract is usually greater than under an excess-of-loss contract, since we share proportionally in all losses. Premiums for proportional reinsurance are typically a predetermined portion of the premiums the ceding company receives from its insureds.

Substantially all of the reinsurance that we underwrite is on a treaty basis, which covers a type or category of insurance policies issued by the ceding company, and which could be written on either an excess-of-loss or proportional basis. In limited and opportunistic circumstances, we underwrite facultative reinsurance, where we assume all or a part of a specific insurance policy or policies, which again could be written on either an excess-of-loss or proportional basis.

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The following table sets forth our net premiums written for the years ended December 31, 2009, 2008 and 2007 by operating segment and by type of reinsurance (\$ in thousands):

Net Premiums Written by Operating Segment

	Years Ended December 31,					
	2009		2008		2007	
	Net Premiums Written	Percentage of Net Premiums Written	Net Premiums Written	Percentage of Net Premiums Written	Net Premiums Written	Percentage of Net Premiums Written
Property and Marine						
Excess-of-loss	\$348,363	39 %	436,951	42 %	\$427,230	38 %
Proportional	168,648	19 %	156,136	15 %	77,780	7 %
Subtotal Property and Marine	517,011	58 %	593,087	57 %	505,010	45 %
Casualty						
Excess-of-loss	308,054	34 %	373,307	36 %	522,812	47 %
Proportional	48,434	5 %	56,777	6 %		