

RENAISSANCERE HOLDINGS LTD

Form 10-Q

April 28, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2011

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 No. 001-14428

RENAISSANCERE HOLDINGS LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or Other Jurisdiction of

98-014-1974
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

Renaissance House, 12 Crow Lane, Pembroke HM 19 Bermuda

(Address of principal executive offices)

(441) 295-4513

(Registrant's telephone number, including area code)

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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 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 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 , 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 number of outstanding shares of RenaissanceRe Holdings Ltd. s common shares, par value US \$1.00 per share, as of April 25, 2011 was 51,744,269.

Total number of pages in this report: 79

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RenaissanceRe Holdings Ltd.

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(in thousands of United States Dollars)

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
Assets		
Fixed maturity investments trading, at fair value (Amortized cost \$3,662,417 and \$3,859,442 at March 31, 2011 and December 31, 2010, respectively)	\$ 3,678,549	\$ 3,871,780
Fixed maturity investments available for sale, at fair value (Amortized cost \$212,700 and \$225,549 at March 31, 2011 and December 31, 2010, respectively)	232,320	244,917
Short term investments, at fair value	1,518,542	1,110,364
Equity investments trading, at fair value	12,707	
Other investments, at fair value	782,325	787,548
Investments in other ventures, under equity method	78,623	85,603
Total investments	6,303,066	6,100,212
Cash and cash equivalents	252,631	277,738
Premiums receivable	574,547	322,080
Prepaid reinsurance premiums	125,722	60,643
Reinsurance recoverable	324,124	101,711
Accrued investment income	33,580	34,560
Deferred acquisition costs	56,656	35,648
Receivable for investments sold	136,943	99,226
Other secured assets	14,169	14,250
Other assets	176,644	205,373
Goodwill and other intangibles	14,537	14,690
Assets of discontinued operations held for sale	2,481	872,147
Total assets	\$ 8,015,100	\$ 8,138,278
Liabilities, Noncontrolling Interests and Shareholders Equity		
Liabilities		
Reserve for claims and claim expenses	\$ 2,070,095	\$ 1,257,843
Unearned premiums	500,165	286,183
Debt	549,178	549,155
Reinsurance balances payable	256,663	318,024
Payable for investments purchased	417,257	195,383
Other secured liabilities	14,000	14,000
Other liabilities	165,717	222,310
Liabilities of discontinued operations held for sale	2,246	598,511
Total liabilities	3,975,321	3,441,409

Commitments and Contingencies

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Redeemable noncontrolling interest - DaVinciRe	536,717	757,655
Shareholders Equity		
Preference shares	550,000	550,000
Common shares	51,742	54,110
Accumulated other comprehensive income	19,845	19,823
Retained earnings	2,878,315	3,312,392
Total shareholders equity attributable to RenaissanceRe	3,499,902	3,936,325
Noncontrolling interest	3,160	2,889
Total shareholders equity	3,503,062	3,939,214
Total liabilities, noncontrolling interest and shareholders equity	\$ 8,015,100	\$ 8,138,278

See accompanying notes to the consolidated financial statements

Table of Contents**RenaissanceRe Holdings Ltd. and Subsidiaries****Consolidated Statements of Operations****For the three months ended March 31, 2011 and 2010**

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

(Unaudited)

	Three months ended	
	March 31,	March 31,
	2011	2010
Revenues		
Gross premiums written	\$ 610,505	\$ 516,011
Net premiums written	\$ 452,575	\$ 407,159
Increase in unearned premiums	(147,034)	(156,506)
Net premiums earned	305,541	250,653
Net investment income	60,281	65,709
Net foreign exchange gains (losses)	660	(11,342)
Equity in (losses) earnings of other ventures	(23,753)	2,156
Other income (loss)	50,145	(6,191)
Net realized and unrealized (losses) gains on investments	(5,214)	48,200
Total other-than-temporary impairments		(33)
Portion recognized in other comprehensive income, before taxes		
Net other-than-temporary impairments		(33)
Total revenues	387,660	349,152
Expenses		
Net claims and claim expenses incurred	628,537	97,340
Acquisition expenses	32,335	26,435
Operational expenses	41,830	45,150
Corporate expenses	2,064	5,309
Interest expense	6,195	3,156
Total expenses	710,961	177,390
(Loss) income from continuing operations before taxes	(323,301)	171,762
Income tax benefit	52	2,963
(Loss) income from continuing operations	(323,249)	174,725
(Loss) income from discontinued operations	(1,526)	11,447
Net (loss) income	(324,775)	186,172
Net loss (income) attributable to noncontrolling interests	85,492	(10,550)
Net (loss) income attributable to RenaissanceRe	(239,283)	175,622
Dividends on preference shares	(8,750)	(10,575)

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Net (loss) income (attributable) available to RenaissanceRe common shareholders \$ (248,033) \$ 165,047

(Loss) income from continuing operations (attributable) available to RenaissanceRe common shareholders per common share - basic \$ (4.66) \$ 2.55

(Loss) income from discontinued operations (attributable) available to RenaissanceRe common shareholders per common share - basic (0.03) 0.20

Net (loss) income (attributable) available to RenaissanceRe common shareholders per common share - basic \$ (4.69) \$ 2.75

(Loss) income from continuing operations (attributable) available to RenaissanceRe common shareholders per common share - diluted (1) \$ (4.66) \$ 2.54

(Loss) income from discontinued operations (attributable) available to RenaissanceRe common shareholders per common share - diluted (1) (0.03) 0.19

Net (loss) income (attributable) available to RenaissanceRe common shareholders per common share - diluted (1) \$ (4.69) \$ 2.73

Dividends per common share \$ 0.26 \$ 0.25

(1) Earnings per share calculations use average common shares outstanding - basic, when in a net loss position, as required by FASB ASC Topic *Earnings per Share*.

See accompanying notes to the consolidated financial statements

Table of Contents**RenaissanceRe Holdings Ltd. and Subsidiaries****Consolidated Statements of Changes in Shareholders' Equity****For the three months ended March 31, 2011 and 2010**

(in thousands of United States Dollars)

(Unaudited)

	Three months ended	
	March 31,	March 31,
	2011	2010
Preference shares		
Balance - January 1	\$ 550,000	\$ 650,000
Repurchase of shares		
Balance - March 31	550,000	650,000
Common shares		
Balance - January 1	54,110	61,745
Repurchase of shares	(2,655)	(3,716)
Exercise of options and issuance of restricted stock and awards	287	291
Balance - March 31	51,742	58,320
Additional paid-in capital		
Balance - January 1		
Repurchase of shares	546	(14,284)
Change in redeemable noncontrolling interest - DaVinciRe	26	6,125
Exercise of options and issuance of restricted stock and awards	(572)	8,159
Balance - March 31		
Accumulated other comprehensive income		
Balance - January 1	19,823	41,438
Change in net unrealized gains on fixed maturity investments available for sale	22	(10,667)
Balance - March 31	19,845	30,771
Retained earnings		
Balance - January 1	3,312,392	3,087,603
Net (loss) income	(324,775)	186,172
Net loss (income) attributable to noncontrolling interests	85,492	(10,550)
Repurchase of shares	(172,683)	(185,658)
Dividends on common shares	(13,361)	(14,792)
Dividends on preference shares	(8,750)	(10,575)
Balance - March 31	2,878,315	3,052,200

Noncontrolling interest		3,160	
Total shareholders' equity		\$ 3,503,062	\$ 3,791,291

See accompanying notes to the consolidated financial statements

Table of Contents**RenaissanceRe Holdings Ltd. and Subsidiaries****Consolidated Statements of Comprehensive (Loss) Income****For the three months ended March 31, 2011 and 2010**

(in thousands of United States Dollars)

(Unaudited)

	Three months ended	
	March 31,	March 31,
	2011	2010
Comprehensive (loss) income		
Net (loss) income	\$ (324,775)	\$ 186,172
Change in net unrealized gains on fixed maturity investments available for sale	19	(8,929)
Portion of other-than-temporary impairments recognized in other comprehensive income		
Comprehensive (loss) income	(324,756)	177,243
Net loss (income) attributable to noncontrolling interests	85,492	(10,550)
Change in net unrealized gains on fixed maturity investments available for sale attributable to noncontrolling interests	3	(1,738)
Comprehensive loss (income) attributable to redeemable noncontrolling interest - DaVinciRe	85,495	(12,288)
Comprehensive (loss) income attributable to RenaissanceRe	\$ (239,261)	\$ 164,955
Disclosure regarding net unrealized gains		
Total realized and net unrealized holding (losses) gains on fixed maturity investments available for sale and net other-than-temporary impairments	\$ (390)	\$ 34,204
Net realized losses (gains) on fixed maturity investments available for sale	412	(44,904)
Net other-than-temporary impairments recognized in earnings		33
Change in net unrealized gains on fixed maturity investments available for sale	\$ 22	\$ (10,667)

See accompanying notes to the consolidated financial statements

Table of Contents**RenaissanceRe Holdings Ltd. and Subsidiaries****Consolidated Statements of Cash Flows****For the three months ended March 31, 2011 and 2010**

(in thousands of United States dollars)

(Unaudited)

	Three months ended March 31, 2011	March 31, 2010
<i>Cash flows (used in) provided by operating activities</i>		
Net (loss) income	\$ (324,775)	\$ 186,172
<i>Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities</i>		
Amortization, accretion and depreciation	10,523	13,987
Equity in undistributed losses of other ventures	26,368	10,731
Net realized and unrealized gains on fixed maturity investments	5,214	(48,598)
Net other-than-temporary impairments		33
Net unrealized gains included in net investment income	(28,067)	(24,940)
Net unrealized (gains) losses included in other income (loss)	(56,820)	1,419
Change in:		
Premiums receivable	(252,467)	77,995
Prepaid reinsurance premiums	(65,079)	(29,984)
Deferred acquisition costs	(21,008)	(12,619)
Reserve for claims and claim expenses, net	589,839	30,812
Unearned premiums	213,982	167,841
Reinsurance balances payable	(61,361)	(140,004)
Other	(42,646)	(2,256)
<i>Net cash (used in) provided by operating activities</i>	(6,297)	230,589
<i>Cash flows provided by (used in) investing activities</i>		
Proceeds from sales and maturities of fixed maturity investments available for sale	13,997	2,461,565
Purchases of fixed maturity investments available for sale	(13)	(376,820)
Proceeds from sales and maturities of fixed maturity investments trading	1,628,600	812,692
Purchases of fixed maturity investments trading	(1,414,735)	(3,078,390)
Purchases of equity investments trading	(12,108)	
Net (purchases) sales of short term investments	(249,878)	137,978
Net sales of other investments	38,083	16,101
Net purchases of investments in other ventures	(21,000)	
Net sales of other assets	47,400	2,729
Net proceeds from sale of discontinued operations held for sale	269,520	
<i>Net cash provided by (used in) investing activities</i>	299,866	(24,145)
<i>Cash flows used in financing activities</i>		
Dividends paid - RenaissanceRe common shares	(13,361)	(14,792)
Dividends paid - preference shares	(8,750)	(10,575)

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RenaissanceRe common share repurchases	(174,792)	(203,658)
Third party DaVinciRe share transactions	(124,047)	(123,084)
Issuance of 5.75% Senior Notes		249,086
<i>Net cash used in financing activities</i>	(320,950)	(103,023)
Effect of exchange rate changes on foreign currency cash	2,274	(5,364)
<i>Net (decrease) increase in cash and cash equivalents</i>	(25,107)	98,057
<i>Net increase in cash and cash equivalents of discontinued operations</i>		(33,890)
<i>Cash and cash equivalents, beginning of period</i>	277,738	203,112
<i>Cash and cash equivalents, end of period</i>	\$ 252,631	\$ 267,279

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(Expressed in U.S. Dollars) (Unaudited)

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States (GAAP) for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. Except as discussed in Note 2. Discontinued Operations, and unless otherwise noted, the notes to the consolidated financial statements reflect the Company s continuing operations.

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

This report on Form 10-Q should be read in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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

Renaissance Reinsurance Ltd. (Renaissance Reinsurance), the Company s principal reinsurance subsidiary, provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.

The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, which principally include Top Layer Reinsurance Ltd. (Top Layer Re), recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. (DaVinci). Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of, DaVinci s parent, DaVinciRe Holdings Ltd. (DaVinciRe), the results of DaVinci and DaVinciRe are consolidated in the Company s financial statements. Redeemable noncontrolling interest DaVinciRe represents the interests of external parties with respect to the net income and shareholders equity of DaVinciRe. Renaissance Underwriting Managers Ltd. (RUM), a wholly owned subsidiary, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.

RenaissanceRe Syndicate 1458 (Syndicate 1458) is the Company s Lloyd s syndicate which was licensed to start writing certain lines of insurance and reinsurance business effective June 1, 2009. RenaissanceRe Corporate Capital (UK) Limited (RenaissanceRe CCL), a wholly owned subsidiary of the Company, is Syndicate 1458 s sole corporate member and RenaissanceRe Syndicate Management Ltd. (RSML), a wholly owned subsidiary of the Company from November 2, 2009, is the managing agent for Syndicate 1458.

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The Company, through Renaissance Trading Ltd. (Renaissance Trading) and RenRe Energy Advisors Ltd. (REAL), transacts certain derivative-based risk management products primarily to address weather and energy risk and engages in hedging and trading activities related to those transactions.

On November 18, 2010, the Company entered into a definitive stock purchase agreement (the Stock Purchase Agreement) with QBE Holdings, Inc. (QBE) to sell substantially all of its U.S.-based insurance operations including its U.S. property and casualty business underwritten through managing general agents, its crop insurance business underwritten through Agro National Inc. (Agro National), its commercial property insurance operations and its claims operations. At December 31, 2010, the Company classified the assets and liabilities associated with this transaction as held for sale. The financial results for these operations have been presented in the Company's consolidated financial statements as discontinued operations for all periods presented. On March 4, 2011, the Company and QBE closed the transaction contemplated by the Stock Purchase Agreement. Refer to Note 2. Discontinued Operations, for more information. Insurance policies previously written in connection with the Company's Bermuda-based insurance operations not sold to QBE are included in the Company's continuing operations and are included in the Company's Insurance segment.

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.

NOTE 2. DISCONTINUED OPERATIONS

U.S.-Based Insurance Operations

On November 18, 2010, the Company entered into a Stock Purchase Agreement with QBE to sell substantially all of its U.S.-based insurance operations, including its U.S. property and casualty business underwritten through managing general agents, its crop insurance business underwritten through Agro National, its commercial property insurance operations and its claims operations. At December 31, 2010, the Company classified the assets and liabilities associated with this transaction as held for sale and the assets and liabilities were recorded at the lower of the carrying value or fair value less costs to sell. The financial results for these operations have been presented as discontinued operations in the Company's consolidated statements of operations for all periods presented.

Consideration for the transaction was book value at December 31, 2010, for the aforementioned businesses, payable in cash at closing and subject to adjustment for certain tax and other items. The transaction closed on March 4, 2011 and net consideration of \$269.5 million was received by the Company.

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

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

Three months ended March 31, (in thousands of U.S. dollars)	2011	2010
<u>Premiums written</u>		
Direct	\$ 6,252	\$ 1,493
Assumed	604,253	514,518
Ceded	(157,930)	(108,852)
Net premiums written	\$ 452,575	\$ 407,159
<u>Premiums earned</u>		
Direct	\$ 2,482	\$ 561
Assumed	394,535	329,550
Ceded	(91,476)	(79,458)
Net premiums earned	\$ 305,541	\$ 250,653
<u>Claims and claim expenses</u>		
Gross claims and claim expenses incurred	\$ 863,323	\$ 134,125
Claims and claim expenses recovered	(234,786)	(36,785)
Net claims and claim expenses incurred	\$ 628,537	\$ 97,340

NOTE 4. EARNINGS PER SHARE

The Company accounts for its weighted average shares in accordance with FASB ASC Topic *Earnings per Share*. Basic earnings per common share is based on weighted average common shares and excludes any dilutive effects of stock options and restricted stock. Diluted earnings per common share assumes the exercise of all dilutive stock options and restricted stock grants. In accordance with FASB ASC Topic *Earnings per Share*, earnings per share calculations use average common shares outstanding basic, when the Company is in a net loss position for the period.

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The following tables set forth the computation of basic and diluted earnings per common share:

Three months ended March 31, (in thousands of U.S. dollars, except per share data)	2011	2010
Numerator:		
Net (loss) income (attributable) available to RenaissanceRe common shareholders	\$ (248,033)	\$ 165,047
Amount allocated to participating common shareholders (1)	6,327	(4,196)
	\$ (241,706)	\$ 160,851
Denominator (in thousands):		
Denominator for basic (loss) income per RenaissanceRe common share - Weighted average common shares	51,504	58,407
Per common share equivalents of employee stock options and restricted shares		480
Denominator for diluted (loss) income per RenaissanceRe common share - Adjusted weighted average common shares and assumed conversions (2)	51,504	58,887
Basic (loss) income per RenaissanceRe common share	\$ (4.69)	\$ 2.75
Diluted (loss) income per RenaissanceRe common share (2)	\$ (4.69)	\$ 2.73

- (1) Represents earnings attributable to holders of unvested restricted shares issued under the Company's 2001 Stock Incentive Plan, Non-Employee Director Stock Incentive Plan and for the three months ended March 31, 2011, the 2010 Performance-Based Equity Incentive Plan.
- (2) Earnings per share calculations use average common shares outstanding - basic, when in a net loss position, as required by the FASB ASC Topic *Earnings Per Share*.

NOTE 5. DIVIDENDS AND COMMON SHARE REPURCHASES

The Board of Directors of RenaissanceRe declared, and RenaissanceRe paid, a dividend of \$0.26 per common share to shareholders of record on March 15, 2011.

On February 23, 2011, the Board of Directors approved an increase in the Company's authorized share repurchase program to an aggregate amount of \$500.0 million. Unless terminated earlier by resolution of the Company's Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The Company repurchased 2.7 million shares in open market transactions during the quarter ended March 31, 2011, at an aggregate cost of \$174.8 million and at an average share price of \$65.84. Future repurchases of common shares will depend on, among other matters, the market price of the common shares and the capital requirements of the Company. See Part II, Item 2 Unregistered Sales of Equity Securities and Use of Proceeds for additional information.

NOTE 6. SEGMENT REPORTING

The Company has three reportable segments: Reinsurance, Lloyd's and Insurance.

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

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

The Company's Insurance segment includes the operations of the Company's former Insurance segment that were not sold pursuant to the Stock Purchase Agreement with QBE, as discussed in Note 1. Organization and Basis of Presentation. The Insurance segment is managed by the Global Chief Underwriting Officer. The Insurance business is written by Glencoe Insurance Ltd. (Glencoe). Glencoe is a Bermuda domiciled excess and surplus lines insurance company that is currently eligible to do business on an excess and surplus lines basis in 49 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

The financial results of the Company's strategic investments, weather and energy risk management operations and noncontrolling interests are included in the Other category of the Company's segment results. Also included in the Other category of the Company's segment results are the Company's investments in other ventures, investments unit, corporate expenses and capital servicing costs.

The Company does not manage its assets by segment; accordingly, net investment income and total assets are not allocated to the segments.

A summary of the significant components of the Company's revenues and expenses is as follows:

Three months ended March 31, 2011	Reinsurance	Lloyd's	Insurance	Eliminations (1)	Other	Total
Gross premiums written	\$ 573,682	\$ 36,620	\$ 280	\$ (77)	\$	\$ 610,505
Net premiums written	\$ 423,566	\$ 28,737	\$ 272			\$ 452,575
Net premiums earned	\$ 289,429	\$ 15,674	\$ 438			\$ 305,541
Net claims and claim expenses incurred	595,404	30,523	2,610			628,537
Acquisition expenses	29,792	2,461	82			32,335
Operational expenses	32,363	8,972	495			41,830
Underwriting loss	\$ (368,130)	\$ (26,282)	\$ (2,749)			(397,161)
Net investment income					60,281	60,281
Net foreign exchange gains					660	660
Equity in losses of other ventures					(23,753)	(23,753)
Other income					50,145	50,145
Net realized and unrealized losses on investments					(5,214)	(5,214)
Corporate expenses					(2,064)	(2,064)
Interest expense					(6,195)	(6,195)
Loss from continuing operations before taxes						(323,301)
Income tax benefit					52	52
Loss from discontinued operations					(1,526)	(1,526)
Net loss attributable to noncontrolling interests					85,492	85,492
Dividends on preference shares					(8,750)	(8,750)
Net loss attributable to RenaissanceRe common shareholders						\$ (248,033)
Net claims and claim expenses incurred - current accident year	\$ 667,362	\$ 29,326	\$ 9			\$ 696,697
Net claims and claim expenses incurred - prior accident years	(71,958)	1,197	2,601			(68,160)

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Net claims and claim expenses incurred - total	\$ 595,404	\$ 30,523	\$ 2,610	\$ 628,537
Net claims and claim expense ratio - current accident year	230.6%	187.1%	2.1%	228.0%
Net claims and claim expense ratio - prior accident years	(24.9%)	7.6%	593.8%	(22.3%)
Net claims and claim expense ratio - calendar year	205.7%	194.7%	595.9%	205.7%
Underwriting expense ratio	21.5%	73.0%	131.7%	24.3%
Combined ratio	227.2%	267.7%	727.6%	230.0%

(1) Represents \$0.1 million of gross premiums ceded from the Reinsurance segment to the Lloyd's segment.

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Three months ended March 31, 2010	Reinsurance	Lloyd s	Insurance	Eliminations (1)	Other	Total
Gross premiums written	\$ 498,585	\$ 14,024	\$ 4,427	\$ (1,025)	\$	\$ 516,011
Net premiums written	\$ 388,658	\$ 13,651	\$ 4,850			\$ 407,159
Net premiums earned	\$ 243,069	\$ 6,971	\$ 613			\$ 250,653
Net claims and claim expenses incurred	98,947	2,587	(4,194)			97,340
Acquisition expenses	22,659	1,159	2,617			26,435
Operational expenses	34,017	6,134	4,999			45,150
Underwriting income (loss)	\$ 87,446	\$ (2,909)	\$ (2,809)			81,728
Net investment income					65,709	65,709
Net foreign exchange losses					(11,342)	(11,342)
Equity in earnings of other ventures					2,156	2,156
Other loss					(6,191)	(6,191)
Net realized and unrealized gains on fixed maturity investments					48,200	48,200
Net other-than-temporary impairments					(33)	(33)
Corporate expenses					(5,309)	(5,309)
Interest expense					(3,156)	(3,156)
Income from continuing operations before taxes						171,762
Income tax benefit					2,963	2,963
Income from discontinued operations					11,447	11,447
Net income attributable to redeemable noncontrolling interest - DaVinciRe					(10,550)	(10,550)
Dividends on preference shares					(10,575)	(10,575)
Net income available to RenaissanceRe common shareholders						\$ 165,047
Net claims and claim expenses incurred - current accident year	\$ 204,065	\$ 2,686	\$ 2,859			\$ 209,610
Net claims and claim expenses incurred - prior accident years	(105,118)	(99)	(7,053)			(112,270)
Net claims and claim expenses incurred - total	\$ 98,947	\$ 2,587	\$ (4,194)			\$ 97,340
Net claims and claim expense ratio - current accident year	84.0%	38.5%	466.4%			83.6%
Net claims and claim expense ratio - prior accident years	(43.3%)	(1.4%)	(1,150.6%)			(44.8%)
Net claims and claim expense ratio - calendar year	40.7%	37.1%	(684.2%)			38.8%
Underwriting expense ratio	23.3%	104.6%	1,242.4%			28.6%
Combined ratio	64.0%	141.7%	558.2%			67.4%

(1) Represents \$0.8 million and \$0.2 million of gross premiums ceded from the Insurance segment to the Reinsurance segment and from the Reinsurance segment to the Lloyd s segment, respectively.

NOTE 7. INVESTMENTS*Fixed Maturity Investments Trading*

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

(in thousands of U.S. dollars)	March 31, 2011	December 31, 2010
U.S. treasuries	\$ 522,006	\$ 761,461
Agencies	278,501	216,963
Non-U.S. government (Sovereign debt)	220,658	157,867
FDIC guaranteed corporate	305,745	388,468
Non-U.S. government-backed corporate	315,240	356,119
Corporate	1,490,329	1,476,029
Agency mortgage-backed securities	412,220	383,403
Non-agency mortgage-backed securities		