RENAISSANCERE HOLDINGS LTD
Form ARS
April 08, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File No. 001-14428
RENAISSANCERE HOLDINGS LTD.
(Exact Name Of Registrant As Specified In Its Charter)

Bermuda	98-014-1974
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Renaissance House, 12 Crow Lane, Pembroke HM 19 Bermuda
(Address of Principal Executive Offices)
(441) 295-4513
(Registrant's telephone number)
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 $1.00 per share	New York Stock Exchange, Inc.
Series C 6.08% Preference Shares, Par Value $1.00 per share	New York Stock Exchange, Inc.
Series E 5.375% Preference Shares, Par Value $1.00 per share	New York Stock Exchange, Inc.

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 Act. Yes x No o
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 o No x
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 x 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 x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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. 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 x, 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 x

The aggregate market value of Common Shares held by nonaffiliates of the registrant at June 30, 2014 was $4,203.6 million based on the closing sale price of the Common Shares on the New York Stock Exchange on that date.
The number of Common Shares, par value US $1.00 per share, outstanding at February 18, 2015 was 38,330,334.
The information required by Part III of this report, to the extent not set forth herein, is incorporated by reference to the registrant's Definitive Proxy Statement to be filed in respect of our 2015 Annual General Meeting of Shareholders.

RENAISSANCERE HOLDINGS LTD.
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NOTE ON FORWARD-LOOKING STATEMENTS

This Form 10-K 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”, “predict “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-K also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the reinsurance and insurance industries.

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

- we are exposed to significant losses from catastrophic events and other exposures that we cover, which we expect to cause significant volatility in our financial results from time to time;
- the inherent uncertainties in our reserving process, particularly in regards to large catastrophic events and longer tail casualty lines, the uncertainties of which we expect to increase as our product and geographical diversity increases;
- the frequency and severity of catastrophic and other events which we cover could exceed our estimates and cause losses greater than we expect;
- the risk of the lowering or loss of any of the financial strength, claims-paying or enterprise-wide risk management ratings of RenaissanceRe Holdings Ltd. (“RenaissanceRe”) or of one or more of our subsidiaries or joint ventures or changes in the policies or practices of the rating agencies;
- risks associated with appropriately modeling, pricing for, and contractually addressing new or potential factors in loss emergence, such as the trend toward potentially significant global warming and other aspects of climate change which have the potential to adversely affect our business, any of which could cause us to underestimate our exposures and potentially adversely impact our financial results;
- the risk we might be bound to policyholder obligations beyond our underwriting intent, or unable to enforce our own intent in respect of retrocessional arrangements, including in each case due to emerging claims and coverage issues;
- risks due to our increasing reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- risks relating to operating in a highly competitive environment, which we expect to continue to increase over time from new competition from traditional and non-traditional participants, particularly as capital markets products provide alternatives and replacements for more traditional reinsurance and insurance products, as new entrants or existing competitors attempt to replicate our business model, and as a result of consolidation in the (re)insurance industry;
- the risk that our customers may fail to make premium payments due to us, as well as the risk of failures of our reinsurers, brokers or other counterparties to honor their obligations to us, including in regards to large catastrophic events, and also including their obligations to make third party payments for which we might be liable;

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

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- risks associated with inflation, which could cause loss costs to increase, and impact the performance of our investment portfolio, thereby adversely impacting our financial position or operating results;
- operational risks, including system or human failures, which risks could result in our incurring material losses;
- risks in connection with our management of capital on behalf of investors in joint ventures or other entities we manage, such as failing to comply with complex laws and regulations relating to the management of such capital or the potential rights of third party investors, which failure could result in our incurring significant liabilities, penalties or other losses;
- risks that we may require additional capital in the future, particularly after a catastrophic event or to support potential growth opportunities in our business, which may not be available or may be available only on unfavorable terms;
- risks relating to our potential failure to comply with covenants in our debt agreements, which failure could provide our lenders the right to accelerate our debt which would adversely impact us;
- the risk of potential challenges to the claim of exemption from insurance regulation of RenaissanceRe and certain of our subsidiaries in certain jurisdictions under certain current laws and the risk of increased global regulation of the insurance and reinsurance industry;
- risks relating to the inability of our operating subsidiaries to declare and pay dividends, which could cause us to be unable to pay dividends to our shareholders or to repay our indebtedness;
- the risk that there could be regulatory or legislative changes adversely impacting us, as a Bermuda-based company, relative to our competitors, or actions taken by multinational organizations having such an impact;
- risks arising out of possible changes in the distribution or placement of risks due to increased consolidation of customers or insurance and reinsurance brokers;
- risks relating to changes in regulatory regimes and/or accounting rules, which could result in significant changes to our financial results, including but not limited to, the European Union ("EU") directive concerning capital adequacy, risk management and regulatory reporting for insurers;
- risks associated with the failure to complete the Merger (as defined in "Part I, Item 1. Business, Overview") with Platinum Underwriters Holdings, Ltd. ("Platinum"), which could adversely impact our ability to realize the anticipated strategic benefits of the Merger; and
- risks that follow consummation of the Merger, including that our future financial performance may differ from projections, integration challenges and costs, and that we may require additional capital in the future, which may not be available on satisfactory terms as a result of the Merger.

The factors listed above should not be construed as exhaustive. Certain of these risk factors and others are described in more detail from time to time in our filings with the U.S. Securities and Exchange Commission ("SEC"). We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. BUSINESS

Unless the context otherwise requires, references in this Form 10-K to "RenaissanceRe" refer to RenaissanceRe Holdings Ltd. (the parent company) and to the "Company" refers to RenaissanceRe Holdings Ltd. and its subsidiaries, which principally include, but are not limited to, Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), RenaissanceRe Specialty Risks Ltd. ("RenaissanceRe Specialty Risks"), RenaissanceRe Specialty U.S. Ltd. ("RenaissanceRe Specialty U.S."), Renaissance Reinsurance of Europe ("ROE") and the Company's Lloyd's syndicate, RenaissanceRe Syndicate 1458 ("Syndicate 1458").

We also underwrite reinsurance on behalf of joint ventures, principally including Top Layer Reinsurance Ltd. ("Top Layer Re"), recorded under the equity method of accounting, Upsilon Reinsurance Fund Opportunities Ltd. ("Upsilon RFO"), a consolidated variable interest entity, RenaissanceRe Medici Fund Ltd. ("Medici") and DaVinci Reinsurance Ltd. ("DaVinci"). The financial results of Medici, Medici's parent company RenaissanceRe Fund Management Ltd.,and DaVinci and DaVinci's parent company, DaVinciRe Holdings Ltd. ("DaVinciRe"), are consolidated in our financial statements. For your convenience, we have included a "Glossary of Selected Insurance and Reinsurance Terms". All dollar amounts referred to in this Form 10-K are in U.S. dollars unless otherwise indicated. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

OVERVIEW

RenaissanceRe was established in Bermuda in 1993 to write principally property catastrophe reinsurance and today 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 Company's financial performance, and believe we have delivered superior performance in respect of this measure over time.

Our core products include property catastrophe reinsurance, which we primarily write through our principal operating subsidiary Renaissance Reinsurance, Syndicate 1458, and joint ventures, principally DaVinci, Top Layer Re and Upsilon RFO; specialty reinsurance risks written through Renaissance Reinsurance, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S., Syndicate 1458 and DaVinci; and certain insurance products primarily written through Syndicate 1458 or on an excess and surplus lines basis. 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 substantial 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 that we cover. Accordingly, we expect a significant degree of volatility in our financial results and our financial results may

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vary significantly from quarter-to-quarter and from year-to-year, based on the level of insured catastrophic losses occurring around the world.

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.

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, 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.

On November 24, 2014, we announced that RenaissanceRe and Platinum entered into a definitive merger agreement (the “Merger Agreement”) under which RenaissanceRe will acquire Platinum (the “Merger”). The transaction will benefit the combined companies’ clients through an expanded product offering and broker relationships and will accelerate the growth of our U.S. specialty and casualty reinsurance platform. The agreement has been unanimously approved by both companies’ Board of Directors and, if approved by Platinum’s shareholders, the transaction is expected to close on March 2, 2015. Platinum has scheduled a special meeting of shareholders to consider and vote upon the proposed acquisition and related matters on February 27, 2015. There can be no assurance that the Merger will occur.

Upon completion of the Merger, each common share, par value $0.01 of Platinum (“Platinum Common Shares”) (other than dissenting shares) shall be canceled and converted into the right to receive, at the election of the holder thereof in accordance with the terms of the Merger Agreement, (i) the cash election consideration, which is an amount of cash equal to $66.00 (the “Cash Election Consideration”), (ii) the share election consideration, which is 0.6504 common shares, par value $1.00 per share of RenaissanceRe (“RenaissanceRe Common Shares”) (the “Share Election Consideration”), or (iii) the standard election consideration (the “Standard Election Consideration”), which is comprised of the standard exchange ratio (which is 0.2960 RenaissanceRe Common Shares) and the standard cash amount (which is an amount of cash equal to $35.96), in each case less applicable withholding taxes and plus cash in lieu of any fractional RenaissanceRe Common Shares such Platinum shareholders would otherwise be entitled to receive. The number of RenaissanceRe Common Shares to be issued to Platinum shareholders as consideration for the Merger is 7.5 million, and each of the Cash Election Consideration and the Share Election Consideration is subject to proration if the un-prorated aggregate share consideration is less than or greater than, respectively, 7.5 million RenaissanceRe Common Shares. All Platinum Common Shares that are held by Platinum as treasury stock or held by any wholly owned subsidiary of Platinum, or owned by RenaissanceRe or any wholly owned subsidiary of RenaissanceRe immediately before the Merger, will be canceled and no payment will be made in respect thereof.

In addition, the Merger Agreement requires that, subject to applicable laws, following the date of approval and adoption of the Merger Agreement by the Platinum shareholders and prior to the Effective Time (as defined in the Merger Agreement), Platinum shall declare and pay the special dividend of $10.00 per Platinum Common Share (the "Special Dividend") to the holders of record of outstanding Platinum Common Shares as of a record date for the Special Dividend to be set as designated by Platinum's board of directors. On February 10, 2015, Platinum announced that the Special Dividend would be payable prior to the effective time of the Merger on the closing date of the Merger to Platinum shareholders of record at the close of business on the last business day prior to the closing date, which Special Dividend is conditioned on the Merger having been approved by the shareholders of Platinum at the special meeting of its shareholders on February 27, 2015 (or any adjournment or postponement thereof).

The aggregate consideration for the transaction is expected to be approximately $1.9 billion, comprised of the Special Dividend, the issuance of 7.5 million RenaissanceRe Common Shares, and cash consideration. We anticipate funding the cash consideration to be paid by RenaissanceRe from available cash resources, the liquidation of certain of our fixed maturity investments trading, and short term alternative financing. Following the closing of the Merger, if such closing occurs, we intend to issue $300.0 million in debt to replace the short term alternative financing used to fund part of the cash consideration to be paid by RenaissanceRe. However, there can be no assurance that we will be able to secure adequate sources of financing on favorable terms. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Impact of Platinum Acquisition on Liquidity and Capital Resources" for additional information.

On August 30, 2013, we entered into a purchase agreement with a subsidiary of Munich-American Holding Corporation (together with applicable affiliates, "Munich") to sell our U.S.-based weather and weather-related energy risk management unit, which included RenRe Commodity Advisors LLC ("RRCA"), Renaissance Trading Ltd. ("Renaissance Trading") and RenRe Energy Advisors Ltd. (collectively referred to as "REAL"). REAL offered certain derivative-based risk management products primarily to address weather and energy risk and engaged in hedging and trading activities related to those transactions. On October 1, 2013, we closed the sale of REAL to Munich. We classified the assets and liabilities associated with this transaction as held for sale, and at December 31, 2014 and 2013, there were no remaining assets or liabilities related to REAL included on our consolidated balance sheets. The financial results for these operations have been presented in our consolidated financial statements as "discontinued operations" for all periods presented. Except as explicitly described as held for sale or as discontinued operations, and unless otherwise noted, all discussions and amounts presented herein relate to our continuing operations. Prior years presented have been reclassified to conform to this new presentation. Consideration for the transaction was $60.0 million, paid in cash at closing, subject to post-closing adjustments for certain tax and other items. We recorded a loss on sale of $8.8 million in conjunction with the sale, including related direct expenses, in our consolidated statement of operations for the year ended December 31, 2013. We have no further ongoing commitments or obligations pursuant to the purchase agreement. Refer to "Note 3. Discontinued Operations in our Notes to Consolidated Financial Statements", for additional information.

Our business consists of three 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 reflects our strategic investments; investments unit; corporate expenses; capital servicing costs; noncontrolling interests; results of our discontinued operations; and the remnants of our Bermuda-based insurance operations.

CORPORATE STRATEGY

Our mission is to produce superior returns for our shareholders over the long-term. We believe that market leadership is required to produce the best expected returns. We pursue markets where leadership comes from seeking to be the best underwriter. We define our pursuit of superior underwriting as the process of matching well-structured risk with capital whose owners would find the risk-return trade-off attractive.

To be the best underwriter, our strategy is to operate an integrated system comprising three competitive advantages: superior customer relationships, superior risk selection and superior capital management. We believe that all three competitive advantages are necessary simultaneously and that activity must be

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coordinated to deliver them seamlessly for the benefit of our ceding insurers, brokers, investors in our sidecars and joint ventures, and shareholders. The strategy is supported by our core values, our principles and our culture.

We believe our competitive advantages include:

Superior Customer Relationships. We seek to be a trusted long-term partner to our customers for assessing and managing risk and delivering responsive solutions. We believe our modeling and technical expertise, the risk management products that we provide our customers and our track record of keeping our promises have made us a provider of first choice in many lines of business to our customers worldwide. We seek to offer stable, predictable, and consistent risk-based pricing and a prompt turnaround on claims.

Superior Risk Selection. We seek to build a portfolio of risks that produces an attractive risk-adjusted return on utilized capital. We develop a perspective of the risk in each business using both our underwriters' expertise and sophisticated risk selection techniques including computer models and databases, such as Renaissance Exposure Management System ("REMS©"). We pursue a disciplined approach to underwriting and seek to select only those risks that we believe will produce a portfolio with an attractive return, subject to prudent risk constraints. We manage our portfolio of risks dynamically, both within sub-portfolios and across the Company.

Superior Capital Management. We seek to write as much attractively priced business as is available to us and then manage our capital accordingly. We generally seek to raise capital when we forecast an increased demand in the market, at times by accessing capital through joint ventures or other structures, and seek to return capital to our shareholders or joint venture investors when the demand for our coverages appears to decline and when we believe a return of capital would be beneficial to our shareholders or joint venture investors. In using joint ventures, we intend to leverage our access to business and our underwriting capabilities on an efficient capital base, develop fee income, generate profit commissions, diversify our portfolio and provide attractive risk-adjusted returns to our capital providers. We routinely evaluate and review potential joint venture opportunities and strategic investments.

We believe we are well positioned to fulfill our objectives by virtue of the experience and skill of our management team, our integrated underwriting and operating platform, our significant financial strength, and our strong relationships with brokers and customers. In addition, we believe our superior service, our proprietary modeling technology, and our extensive business relationships, which have enabled us to become a leader in the property catastrophe reinsurance market, will be instrumental in allowing us to achieve our strategic objectives. In particular, we believe our strategy, high performance culture, and commitment to our customers and joint venture partners help us to differentiate ourselves by offering specialized services and products at times and in markets where capacity and alternatives may be limited.

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 reflects our: strategic investments; investments unit; corporate expenses; capital servicing costs; noncontrolling interests; results of our discontinued operations; and the remnants of our Bermuda-based insurance operations.

For the year ended December 31, 2014, our Catastrophe Reinsurance, Specialty Reinsurance and Lloyd's segments accounted for 60.3%, 22.4% and 17.3%, respectively, of our total consolidated gross premiums written. We currently expect contributions from our Specialty and Lloyd's segments to increase over time, on both an absolute and relative basis, although we cannot assure you we will succeed in meeting this objective. Operating results relating to our segments are included in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our portfolio of business continues to be characterized by relatively large transactions with ceding companies with whom we do business, although no current relationship exceeds 10% of our gross premiums written. Accordingly, our gross premiums written are subject to significant fluctuations depending

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on our success in maintaining or expanding our relationships with these customers. We market our reinsurance products worldwide exclusively through brokers, whose market has become extremely consolidated in recent years. In 2014, three brokerage firms accounted for 89.2% of our Catastrophe Reinsurance and Specialty Reinsurance segments' gross premiums written. We believe that recent market dynamics, and trends in our industry in respect of potential future consolidation, have increased our exposure to the risks of broker, client and counterparty concentration.

The following table shows our gross premiums written split between our Catastrophe Reinsurance, Specialty Reinsurance and Lloyd's segment, respectively:

Year ended December 31,	2014	2013	2012
(in thousands)			
Catastrophe Reinsurance	$933,969	$1,120,379	$1,182,207
Specialty Reinsurance	346,638	259,489	209,887
Lloyd's	269,656	226,532	159,987
Other category (1)	309	(988)	(490)
Total gross premiums written	$1,550,572	$1,605,412	$1,551,591

(1) Included in gross premiums written in the Other category is inter-segment gross premiums written of $0.3 million for the year ended December 31, 2014 (2013 - $(1.0) million, 2012 - $(0.5) million).

Catastrophe Reinsurance Segment

Property catastrophe reinsurance is our traditional core business, and is principally written for our own account, for DaVinci and for other joint ventures such as Top Layer Re and Upsilon RFO. 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 that 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.

Our excess of loss property catastrophe reinsurance contracts generally cover all natural perils. Our most significant exposure is to losses from earthquakes and hurricanes and other windstorms, although we are also exposed to claims arising from other catastrophes, such as tsunamis, freezes, floods, fires, tornadoes, explosions and acts of terrorism in connection with the coverages we provide. Our predominant exposure under such coverage is to property damage. However, other risks, including business interruption and other non-property losses, may also be covered under our property reinsurance contracts when arising from a covered peril. We offer our coverages on a worldwide basis. Because of the wide range of possible catastrophic events to which we are exposed, including the size of such events and because of the potential for multiple events to occur in the same time period, our catastrophe reinsurance business is volatile and our results of operations reflect this volatility. Further, our financial condition may be impacted by this volatility over time or at any point in time. The effects of claims from one or a number of severe catastrophic events could have a material adverse effect on us. We expect that increases in the values and concentrations of insured property and the effects of inflation will increase the severity of such occurrences in the future.

We seek to moderate the volatility of our risk portfolio through superior risk selection, diversification and the purchase of retrocessional coverages and other protections. In furtherance of our strategy, we may increase or decrease our presence in the catastrophe reinsurance business based on market conditions and our assessment of risk-adjusted pricing adequacy. We frequently seek to purchase reinsurance or other protection for our own account to further reduce the financial impact that a large catastrophe or a series of catastrophes could have on our results.

As a result of our position in the market and reputation for superior customer relationships, we believe we have superior access to catastrophe-exposed reinsurance business we view as desirable compared to the market as a whole. As described above, we use our proprietary underwriting tools and guidelines to

attempt to construct an attractive portfolio from these opportunities. We dynamically model policy submissions against our current in-force underwriting portfolio, comparing our estimate of the modeled expected returns of the contract against the amount of capital that we allocate to the contract, based on our estimate of its marginal impact on our overall risk portfolio. At times, our approach to portfolio management has resulted and may result in the future in our having a relatively large market share of catastrophe reinsurance exposure in a particular geographic region, such as Florida, where we historically have had a relatively large percentage of coverage exposures, or to a particular peril, such as U.S. hurricane risk, where we believe our analytical skills, claims-paying history, large capacity, strong ratings and other attributes offer a competitive advantage, or where the risks or class of risks otherwise adds efficiency to our portfolio. Conversely, from time to time we may have a disproportionately low market share in certain regions or perils where we believe our capital would be less effectively deployed.

Our principal property catastrophe reinsurance products include catastrophe excess of loss reinsurance and excess of loss retrocessional reinsurance as described below.

Catastrophe Excess of Loss Reinsurance

We principally write catastrophe reinsurance on an excess of loss basis, which means we provide coverage to our insureds when aggregate claims and claim expenses from a single occurrence of a covered peril exceed the attachment point specified in a particular contract. Under these contracts, we indemnify an insurer for all or a specified portion of the losses on underlying insurance policies in excess of a specified amount, and up to an amount per loss specified in the contract. The coverage provided under excess of loss reinsurance contracts may be on a worldwide basis or limited in scope to selected geographic areas. Coverage can also vary from “all property” perils to limited coverage on selected perils, such as “earthquake only” coverage.

Excess of Loss Retrocessional Reinsurance

We also write retrocessional reinsurance contracts that provide property catastrophe coverage to other reinsurers or retrocedants. In providing retrocessional reinsurance, we focus on property catastrophe retrocessional reinsurance, which covers the retrocedant on an excess of loss basis when aggregate claims and claim expenses from a single occurrence of a covered peril and from a multiple number of reinsureds exceed a specified attachment point. The coverage provided under excess of loss retrocessional contracts may be on a worldwide basis or limited in scope to selected geographic areas. Coverage can also vary from “all property” perils to limited coverage on selected perils, such as “earthquake only” coverage. The information available to retrocessional underwriters concerning the original primary risk can be less precise than the information received from primary companies directly. Moreover, exposures from retrocessional business can change within a contract term as the underwriters of a retrocedant alter their book of business after retrocessional coverage has been bound.

Insurance-Linked Securities

We also invest in insurance-linked securities. Insurance-linked securities are generally privately placed fixed income securities as to which all or a portion of the repayment of the principal is linked to catastrophic events; for example, the occurrence of one or more hurricanes or earthquakes producing industry losses exceeding certain specified thresholds. We seek to underwrite, model, evaluate and monitor these securities using similar tools and techniques used to evaluate our more traditional property catastrophe reinsurance business assumed. In addition, we may enter into derivative transactions, such as total return swaps, that are based on or referenced to underlying insurance-linked securities. Based on an evaluation of the specific features of each insurance-linked security, we account for these securities as reinsurance or at fair value, as applicable, in accordance with U.S. generally accepted accounting principles (“GAAP”). In addition, in future periods we may utilize the growing market for insurance-linked securities to expand our ceded reinsurance buying if we find the pricing and terms of such coverage attractive.

Mona Lisa Re Ltd. (“Mona Lisa Re”)

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

Upon issuance of a series of Notes by Mona Lisa Re, all of the proceeds from the issuance are expected to be deposited into collateral accounts, separated by series, to fund any potential obligation under the reinsurance agreements entered into with Renaissance Reinsurance and/or DaVinci underlying such series of Notes. The outstanding principal amount of each series of Notes generally will be returned to holders of such Notes upon the expiration of the risk period underlying such Notes, unless an event occurs which causes a loss under the applicable series of Notes, in which case the amount returned will be reduced by such noteholder's pro rata share of such loss, as specified in the applicable governing documents of such Notes. In addition, holders of the Notes are generally entitled to interest payments, payable quarterly as determined by the applicable governing documents of each series of Notes. Mona Lisa Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. We do not have a variable interest in Mona Lisa Re, and as a result, the financial position and results of operations of Mona Lisa Re are not consolidated by the Company. The only transactions related to Mona Lisa Re that are recorded in the Company's consolidated financial statements are the ceded reinsurance agreements entered into by Renaissance Reinsurance and DaVinci. Renaissance Reinsurance and DaVinci have together entered into ceded reinsurance contracts with Mona Lisa Re with gross premiums ceded of $7.4 million and $5.1 million, respectively, during 2014 (2013 - $9.2 million and $6.5 million, respectively). We have not provided any financial or other support to Mona Lisa Re that was not contractually required to be provided.

Specialty Reinsurance Segment

We write specialty reinsurance for our own account and for DaVinci, covering principally certain targeted classes of business where we believe we have a sound basis for underwriting and pricing the risk that we assume. Our portfolio includes various classes of business, such as aviation, casualty clash, catastrophe exposed personal lines property, crop, energy, financial, mortgage guaranty, political risk, surety, terrorism, trade credit, certain other casualty lines including directors and officers liability, general liability, professional indemnity, and other specialty lines of reinsurance that we collectively refer to as specialty reinsurance. We believe that we are seen as a market leader in certain of these classes of business. We are seeking to expand our specialty reinsurance operations over time. In 2013, we organized RenaissanceRe Underwriting Managers U.S. LLC ("RenaissanceRe Underwriting Managers U.S."), a specialty reinsurance agency domiciled in Connecticut, to provide specialty treaty reinsurance solutions on both a quota share and excess of loss basis, as well as to write business on behalf of RenaissanceRe Specialty U.S., a Bermuda-domiciled reinsurer launched in June 2013 which operates subject to U.S. federal income tax, and Syndicate 1458. However, we cannot assure you that we will succeed in growing these operations or that any growth we do attain will be profitable and contribute meaningfully to our results or financial condition, particularly in light of current and forecasted market conditions. Our specialty reinsurance business is significantly impacted by a comparably 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.

We generally target lines of business where we believe we can adequately quantify the risks assumed and where potential losses could be characterized as low frequency and high severity, similar to our catastrophe reinsurance coverages. However, we also provide other coverage where we believe our underwriting is robust and the market is attractive, and may grow in these lines over time. We also seek to identify market dislocations and write new lines of business whose risk and return characteristics are estimated to exceed our hurdle rates. Furthermore, we also seek to manage the correlations of this business with our overall portfolio, including our aggregate exposure to single and aggregated catastrophe events. We believe that our underwriting and analytical capabilities have positioned us well to manage our specialty reinsurance business.

We offer our specialty reinsurance products principally on an excess of loss basis, as described above with respect to our catastrophe reinsurance products, and also provide proportional coverage. In a proportional reinsurance arrangement (also referred to as quota share reinsurance and pro rata reinsurance), the reinsurer shares a proportional part of the original premiums and losses of the reinsured. The reinsurer pays the cedant a commission which is generally based on the cedant's cost of acquiring the business being reinsured (including commissions, premium taxes, assessments and miscellaneous administrative expenses) and may also include a profit factor. Our proportional reinsurance product offerings have grown in recent periods and are likely to continue to grow in the future. These products frequently include tailored

features such as limits or sub-limits which we believe help us manage our exposures. Any liability exceeding, or otherwise not subject to, such limits reverts to the cedant. As with our catastrophe reinsurance business, our specialty reinsurance frequently provides coverage for relatively large limits or exposures, and thus we are subject to potential significant claims volatility.

We generally seek to write significant lines on our specialty reinsurance treaties. As a result of our financial strength, we have the ability to offer significant capacity and, for select risks, we have made available significant limits. We believe these capabilities, the strength of our specialty reinsurance underwriting team, and our demonstrated ability and willingness to pay valid claims are competitive advantages of our specialty reinsurance business. While we believe that these and other initiatives will support growth in our Specialty Reinsurance segment, we intend to continue to apply our disciplined underwriting approach which, together with currently prevailing market conditions, is likely to temper such growth in current and near-term periods.

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 Corporate Capital (UK) Limited (“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. We anticipate that Syndicate 1458’s absolute and relative contributions to our consolidated results of operations will have a meaningful impact 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 favorable, particularly in light of current and forecasted market conditions.

Syndicate 1458 generally targets lines of business where we believe we can adequately quantify the risks assumed. We also seek to identify market dislocations and to write new lines of business whose risk and return characteristics are attractive and add to our portfolio of risks. Furthermore, we seek to manage the correlations of this business with our overall portfolio, including our aggregate exposure to single and aggregated catastrophe events. We believe that our underwriting and analytical capabilities have positioned us well to manage this business.

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 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 potential significant claims volatility.

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.

Property Catastrophe Managed Joint Ventures

We actively manage property catastrophe-oriented joint ventures, which provide us with an additional presence in the market, enhance our client relationships and generate fee income and profit commissions. These joint ventures allow us to leverage our access to business and our underwriting capabilities on a larger capital base. Currently, our principal joint ventures include DaVinci, Top Layer Re, Medici, RenaissanceRe Upsilon Fund Ltd. (“Upsilon Fund”) and Upsilon RFO. Renaissance Underwriting Managers, Ltd. (“RUM”), a wholly owned subsidiary of the Company, acts as the exclusive underwriting manager for each of these joint ventures.

DaVinci

DaVinci was established in 2001 and principally writes property catastrophe reinsurance and certain low frequency, high severity specialty reinsurance lines of business on a global basis. In general, we seek to construct for DaVinci a property catastrophe reinsurance portfolio with risk characteristics similar to those of Renaissance Reinsurance’s property catastrophe reinsurance portfolio and a portfolio of certain lines of

specialty reinsurance such as terrorism and catastrophe exposed workers' compensation. In accordance with DaVinci's underwriting guidelines, it can only participate in business that is underwritten by Renaissance Reinsurance. We maintain majority voting control of DaVinciRe and, accordingly, consolidate the results of DaVinciRe into our consolidated results of operations and financial position. We seek to manage DaVinci's capital efficiently over time in light of the market opportunities and needs we perceive and believe we are able to serve. Our noncontrolling economic ownership in DaVinciRe was 23.4% at December 31, 2014 (2013 - 27.3%).

We expect our noncontrolling economic ownership in DaVinciRe to fluctuate over time. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Capital Resources" for additional information with respect of DaVinci.

Top Layer Re

Top Layer Re was established in 1999 and writes high excess non-U.S. property catastrophe reinsurance. Top Layer Re is owned 50% by State Farm Mutual Automobile Insurance Company ("State Farm") and 50% by Renaissance Reinsurance. State Farm provides $3.9 billion of stop loss reinsurance coverage to Top Layer Re. We account for our equity ownership in Top Layer Re under the equity method of accounting and our proportionate share of its results is reflected in equity in earnings of other ventures in our consolidated statements of operations.

Upsilon RFO

Effective January 1, 2013, we formed and launched a managed joint venture, Upsilon RFO, a Bermuda domiciled SPI (formerly known as Upsilon Reinsurance II Ltd.), to provide additional capacity to the worldwide aggregate and per-occurrence primary and retrocessional property catastrophe excess of loss market. Upsilon RFO's creation further enhances our efforts to match desirable reinsurance risk with efficient capital through a strategic capital structure. Original business is written directly by Upsilon RFO under fully-collateralized reinsurance contracts capitalized through the sale of non-voting shares to investors and an insurance contract issued by a third party investor to the Company related to Upsilon RFO's reinsurance portfolio. Both Upsilon RFO and the insurance participation are managed by RUM in return for an expense override. Through RUM, we are eligible to receive a potential underwriting profit commission in respect of Upsilon RFO.

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

Upsilon Fund

Effective November 13, 2014, the Company incorporated Upsilon Fund, an exempted Bermuda limited 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 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 considered a VIE as the voting rights of the equity investors are not proportionate with the respective obligation to absorb expected losses or right to receive expected residual returns. We do not have the obligation to absorb the losses, nor the right to receive the benefits, in accordance with the accounting guidance, that could be significant to Upsilon Fund. However we do have the power over the activities that most significantly impact the economic performance of Upsilon Fund. Since we do not meet

both criteria noted above, we are not the primary beneficiary of Upsilon Fund, and accordingly, do not consolidate Upsilon Fund. We have not provided any financial or other support to Upsilon Fund that was not contractually required to be provided.

Medici

Medici is an exempted fund, incorporated under the laws of Bermuda. Medici's objective is to seek to invest substantially all of its assets in various insurance-based investment instruments that have returns primarily tied to property catastrophe risk. During 2013, third-party investors subscribed for a portion of the participating, non-voting common shares of Medici. We maintain majority voting control of Medici's parent, RenaissanceRe Fund Holdings Ltd. ("Fund Holdings"), as such, the results of Medici and Fund Holdings are consolidated in our financial statements.

Strategic Investments

Ventures also pursues strategic investments where, rather than assuming exclusive management responsibilities ourselves, we instead partner with other market participants. These investments are directed at classes of risk other than catastrophe, and at times may also be directed at non-insurance risks. We find these investments attractive both for their expected returns, and also because they provide us diversification benefits and information and exposure to other aspects of the market. Examples of these investments include our investments in Tower Hill Insurance Group, LLC. ("THIG"), Tower Hill Holdings, Inc. ("Tower Hill"),Tower Hill Signature Insurance Holdings, Inc. ("Tower Hill Signature") and Tower Hill Re (collectively, the "Tower Hill Companies"), Universal Holdings Inc. ("Universal") and Angus Partners, LLC ("Angus"). THIG is a managing general agency specializing in insurance coverage for site built and manufactured homes. Subsidiaries of THIG, namely Tower Hill Claims Services, LLC, and Tower Hill Claims Management, LLC, provide claim adjustment services through exclusive agreements with THIG. Tower Hill is an insurance holding company. The subsidiaries of Tower Hill, along with Tower Hill Signature and Tower Hill Re, write residential property insurance. We invested in the Tower Hill Companies, which operate primarily in the State of Florida, to expand our core platforms by obtaining ownership in an additional distribution channel for the Florida homeowners market and to enhance our relationships with other stakeholders. Universal is an integrated insurance holding company performing all aspects of insurance underwriting, distribution and claims, primarily in the Florida homeowners market. Angus provides commodity related risk management products to third party customers. The carrying value of these investments on our consolidated balance sheet, individually or in the aggregate, may differ from the realized value we may ultimately attain, perhaps significantly so. Other than Universal, none of the securities we hold in respect of these investments are publicly traded.

Other Transactions

Ventures works on a range of other customized reinsurance and financing transactions. For example, we have participated in and continuously analyze other attractive opportunities in the market for insurance-linked securities and derivatives. We believe our products contain a number of customized features designed to fit the needs of our partners, as well as our risk management objectives.

Business activities that appear in our consolidated underwriting results, such as DaVinci and certain reinsurance transactions, are included in our Catastrophe Reinsurance and Specialty Reinsurance segment results as appropriate; the results of our investments, such as Top Layer Re, and other ventures are included in the Other category of our segment results.

Other

Our Other category primarily includes the results of: (1) our share of strategic investments 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 and noncontrolling interests; (4) the results of our discontinued operations; and (5) the remnants of our Bermuda-based insurance operations.

GEOGRAPHIC BREAKDOWN

Our exposures are generally diversified across geographic zones, but are also a function of market conditions and opportunities. Our largest exposure has historically been to the U.S. and Caribbean market, which represented 55.6% of the Company’s gross premiums written for the year ended December 31, 2014. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, mainly U.S. Atlantic hurricanes, as well as earthquakes and other natural and man-made catastrophes. The following table sets forth the percentage of our gross premiums written allocated to the territory of coverage exposure:

Year ended December 31,	2014 Gross Premiums Written	Percentage of Gross Premiums Written	2013 Gross Premiums Written	Percentage of Gross Premiums Written	2012 Gross Premiums Written	Percentage of Gross Premiums Written
(in thousands, except percentages)						
Catastrophe Reinsurance						
U.S. and Caribbean	$573,696	37.0 %	$782,211	48.7 %	$857,740	55.3 %
Worldwide	157,674	10.2 %	99,179	6.2 %	81,595	5.3 %
Worldwide (excluding U.S.) (1)	123,476	8.0 %	146,048	9.1 %	139,265	9.0 %
Japan	31,484	2.0 %	39,060	2.4 %	43,238	2.8 %
Europe	25,353	1.6 %	25,659	1.6 %	37,113	2.4 %
Australia and New Zealand	20,807	1.3 %	22,460	1.4 %	18,578	1.2 %
Other	1,479	0.1 %	5,762	0.4 %	4,678	0.3 %
Total Catastrophe Reinsurance	933,969	60.2 %	1,120,379	69.8 %	1,182,207	76.3 %
Specialty Reinsurance						
U.S. and Caribbean	169,045	10.9 %	91,203	5.7 %	69,070	4.4 %
Worldwide	161,329	10.4 %	151,879	9.5 %	96,081	6.2 %
Australia and New Zealand	6,898	0.5 %	12,068	0.7 %	28,307	1.8 %
Worldwide (excluding U.S.) (1)	7,506	0.5 %	1,661	0.1 %	—	— %
Europe	460	— %	2,612	0.2 %	16,429	1.1 %
Other	1,400	0.1 %	66	— %	—	— %
Total Specialty Reinsurance	346,638	22.4 %	259,489	16.2 %	209,887	13.5 %
Lloyd’s						
U.S. and Caribbean	120,066	7.7 %	88,535	5.5 %	57,332	3.7 %
Worldwide	118,190	7.6 %	104,249	6.5 %	75,132	4.8 %
Worldwide (excluding U.S.) (1)	13,655	0.9 %	8,071	0.5 %	6,064	0.4 %
Europe	7,609	0.5 %	14,763	0.9 %	14,456	0.9 %
Australia and New Zealand	2,907	0.2 %	2,948	0.2 %	2,152	0.1 %
Other	7,229	0.5 %	7,966	0.5 %	4,851	0.3 %
Total Lloyd’s	269,656	17.4 %	226,532	14.1 %	159,987	10.2 %
Other category (2)	309	— %	(988)	(0.1)%	(490)	— %
Total gross premiums written	$1,550,572	100.0 %	$1,605,412	100.0 %	$1,551,591	100.0 %

(1)

The category “Worldwide (excluding U.S.)” consists of contracts that cover more than one geographic region (other than the U.S.). The exposure in this category for gross premiums written to date is predominantly from Europe and Japan.

(2) The Other category consists of contracts that are primarily exposed to U.S. risks and includes inter-segment gross premiums written of $0.3 million for the year ended December 31, 2014 (2013 - $(1.0) million, 2012 - $(0.5) million).

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 possible new joint venture opportunities. We also regularly evaluate potential strategic opportunities that 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 reasonably sufficient data may be available, and where our analytical abilities may provide us 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. While we regularly review potential strategic transactions and periodically engage in discussions regarding possible transactions, there can be no assurance that we will complete any such transactions or that any such transaction would be successful or materially enhance our results of operations or financial condition. Should we pursue or consummate a strategic transaction, we may mis-value the acquired company or operations, fail to integrate the acquired operation appropriately into our own franchise and/or expend unforeseen costs during the acquisition or integration. 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.

COMPETITION

The markets in which we operate are highly competitive, and we believe that competition is in general increasing and becoming more robust. Our competitors include independent reinsurance and insurance companies, subsidiaries and/or affiliates of globally recognized insurance companies, reinsurance divisions of certain insurance companies, domestic and international underwriting operations, and a range of entities offering forms of risk transfer protection on a collateralized or other non-traditional basis. As our business evolves over time we expect our competitors to change as well.

Hedge funds, pension funds and endowments, investment banks, exchanges and other capital market participants are increasingly active in the reinsurance market and the market for related risk. We expect competition from, or funded by, these sources to continue to increase. In addition, we continue to anticipate further, and perhaps accelerating, growth in financial products offered to the insurance market such as exchange traded catastrophe options, insurance-linked securities, unrated privately held reinsurance companies providing collateralized reinsurance, catastrophe-linked derivative agreements and other financial products, intended to compete with traditional reinsurance. We believe that competition in the markets we serve from products such as these has increased and will increase further in the future. It is possible that these changing dynamics will meaningfully impact the markets in which we participate, possibly adversely. Many of these competitors or their financial backers have greater financial, marketing and management resources than we do. Further, we believe new entrants or existing competitors may attempt to replicate all or part of our business model and provide further competition in the markets in which we participate. In addition, the tax policies of the countries where our customers operate, as well as government sponsored or backed catastrophe funds, affect demand for reinsurance, sometimes significantly. Moreover, explicitly or implicitly government-backed entities increasingly represent competition for the coverages that we provide directly, or for the business of our customers, reducing the potential amount of third party private protection our clients might need or desire. We are unable to predict the extent to which the foregoing or other new, proposed or potential initiatives may affect the demand for our products or the risks for which we seek to provide coverage.

UNDERWRITING AND ENTERPRISE RISK MANAGEMENT

Underwriting

Our primary underwriting goal is to construct a portfolio of reinsurance and insurance contracts and other financial risks that maximizes our return on shareholders' equity, subject to prudent risk constraints, and to generate long-term growth in tangible book value per common share plus the change in accumulated dividends. We assess each new (re)insurance contract on the basis of the expected incremental return relative to the incremental contribution to portfolio risk.

We have developed a proprietary, computer-based pricing and exposure management system, REMS©. Since inception, we have continued to invest in and improve REMS©, incorporating our underwriting and modeling experience, adding proprietary software and a significant amount of new industry data. REMS© has analytic and modeling capabilities that help us to assess the risk and return of each incremental (re)insurance contract in relation to our overall portfolio of (re)insurance contracts. We combine the analyses generated by REMS© with other information available to us, including our own knowledge of the client submitting the proposed program, to assess the premium offered against the risk of loss and the cost of utilized capital which the program presents. The REMS© framework encompasses and facilitates risk capture, analysis, correlation, portfolio aggregation and capital allocation within a single system for all of our natural hazards and non-natural hazards (re)insurance contracts.

We generally utilize a multiple model approach combining both probabilistic and deterministic techniques. The underlying risk models integrated into our underwriting and REMS© framework are a combination of internally constructed and commercially available models. We use commercially available natural hazard catastrophe models to assist with validating and stress testing our base model and REMS© results. We continually strive to improve our analytical techniques for both natural hazard and non-natural hazard models in REMS© and while our experience is most developed for analyzing natural hazard catastrophe risks, we continue to make significant advances in our capabilities for assessing non-natural hazard catastrophe risks. In addition, multiple members of our underwriting and risk management team review the models, and their respective results.

We believe that REMS© is a robust underwriting and risk management system that has been successfully integrated into our business processes and culture. Before we bind a (re)insurance risk, exposure data, historical loss information and other risk data is gathered from customers. Using a combination of proprietary software, underwriting experience, actuarial techniques and engineering expertise where we deem appropriate, the exposure data is reviewed and augmented. We use this data as primary inputs into the REMS© modeling system as a base to create risk distributions to represent the risk being evaluated. We believe that the REMS© modeling system helps us to analyze each policy on a consistent basis, assisting our determination of what we believe to be an appropriate price to charge for each policy based upon the risk to be assumed. REMS© combines computer-generated statistical simulations that estimate loss and event probabilities with exposure and coverage information on each client's (re)insurance contract to produce expected claims for (re)insurance programs submitted to us. Operationally, on a deal-by-deal basis, our models employ simulation techniques that have the ability to generate 40,000 years of loss activity. When deemed necessary, we stress test the 40,000 year simulations with simulations of up to 1,000,000 years. At a consolidated level, we frequently utilize simulations of 500,000 years to incorporate reserve risk, investment risk, expenses, and operational and other risks at a portfolio and risk assuming entity level. For natural hazards, we simulate a large range of potential industry losses in respect of events by region and peril. For some regions and perils, the extreme tails of these simulations include industry losses in excess of $600 billion. From these simulations, we generate a probability distribution of potential outcomes for each policy in our portfolio and for our total portfolio. In part, through the process described above and the utilization of REMS©, we seek to compare our estimate of the expected returns in respect of a contract with the amount of capital that we notionally allocate to the contract based on our estimate of its marginal impact on our portfolio of risks. A key advantage of our REMS© framework is our ability to include additional perils, risks and geographic areas that may not be captured in commercially available natural hazards risk models.

We periodically review the estimates and assumptions that are reflected in REMS© and our other tools. For example, the 2011 and 2010 New Zealand Earthquakes and the Tohoku Earthquake provided new insight on certain aspects of hazard and vulnerability to the global earthquake science community. Utilizing internal

research capabilities from our team of scientists at Weather Predict Consulting Inc. (“Weather Predict”) and new research from the global earthquake science community, we updated several of our internal regional representations of earthquake risk in advance of the commercially available models. In late 2012, Storm Sandy gave rise to new data relating to storm surge, flood persistence and mid-Atlantic tropical storm meteorology.

Our underwriters use this combination of our risk assessment and underwriting process, REMS© and other tools in their pricing decisions, which we believe provides them with several competitive advantages. These include the ability to:

- simulate a range of potential outcomes that adequately represents the risk to an individual contract;
- analyze the incremental impact of an individual reinsurance contract on our overall portfolio;
- better assess the underlying exposures associated with assumed retrocessional business;
- price contracts within a short time frame;
- capture various classes of risk, including catastrophe and other insurance risks;
- assess risk across multiple entities (including our various joint ventures) and across different components of our capital structure; and
- provide consistent pricing information.

As part of our risk management process, we also use REMS© to assist us, as a retrocedant, with the purchase of reinsurance coverage for our own account.

Our underwriting and risk management process, in conjunction with REMS©, quantifies and manages our exposure to claims from single events and the exposure to losses from a series of events. As part of our pricing and underwriting process, we also assess a variety of other factors, including:

- the reputation of the proposed cedant and the likelihood of establishing a long-term relationship with the cedant;
- the geographic area in which the cedant does business and its market share;
- historical loss data for the cedant and, where available, for the industry as a whole in the relevant regions and lines of business, in order to compare the cedant’s historical catastrophe loss experience to industry averages;
- the cedant’s pricing strategies; and
- the perceived financial strength of the cedant and factors such as the cedant’s historical record of making premium payments in full and on a timely basis.

In order to estimate the risk profile of each line of non-natural hazard reinsurance (i.e., our specialty and casualty lines of business), we establish probability distributions and assess the correlations with the rest of our portfolio. In lines with catastrophe risk, such as excess workers’ compensation and terrorism, we seek to directly leverage our skill in modeling for our property catastrophe reinsurance risks, and seek to appropriately estimate and manage the correlations between these specialty lines and our catastrophe reinsurance portfolio. For other classes of business, in which we believe we have little or no natural catastrophe exposure, and therefore less correlation with our property catastrophe reinsurance coverages, we derive probability distributions from a variety of underlying information sources, including recent historical experience, and the application of judgment as appropriate. The nature of some of these businesses lends itself less to the analysis that we use for our property catastrophe (re)insurance coverages, reflecting both the nature of available exposure information, and the impact of human factors such as tort exposure. We produce probability distributions to represent our estimates of the related underlying risks which our products cover, which we believe helps us to make consistent underwriting decisions and to manage our total risk portfolio.

In addition, we also produce, utilize and report on models which measure our utilization of capital in light of regulatory capital considerations and constraints. Our position in respect of these regulatory capital models are reviewed by our risk management professional staff and periodically reported to and reviewed by senior underwriting personnel and executive management with responsibility for our regulated operating entities.

Enterprise Risk Management ("ERM")

We believe that high-quality and effective risk management is best achieved when it is a shared cultural value throughout the organization. We have sought to develop and utilize a series of tools and processes that support a culture of risk management and to create a robust framework of ERM within our organization. We consider ERM to be a key process which is the responsibility of every individual within the Company. ERM is managed by our senior executive team under the oversight of our Board of Directors, and implemented by personnel from across our organization. We believe that ERM helps us to identify potential events that may affect us, to quantify, evaluate and manage the risks to which we are exposed, and to provide reasonable assurance regarding the achievement of our objectives. We believe that effective ERM can provide us with a significant competitive advantage. We also believe that effective ERM assists our efforts to minimize the likelihood of suffering financial outcomes in excess of the ranges which we have estimated in respect of specific investments, underwriting decisions, or other operating or business activities, although we do not believe this risk can be eliminated. We believe that our risk management tools support our strategy of pursuing opportunities and help us to identify opportunities that we believe to be the most attractive. In particular, we utilize our risk management tools to support our efforts to monitor our capital position, on a consolidated basis and for each of our major operating subsidiaries, and to allocate an appropriate amount of capital to support the risks that we have assumed in the aggregate and for each of our major operating subsidiaries. We believe that our risk management efforts are essential to our corporate strategy and our goal of achieving long-term growth in tangible book value per share plus the change in accumulated dividends for our shareholders.

Our ERM framework comprises four primary areas of focus, as set forth below:

(1) Assumed Risk. We define assumed risk as activities where we deliberately take risk against the Company's capital base, including underwriting risks and other quantifiable risks such as credit risk and interest rate risk as they relate to investments, ceded reinsurance credit risk and strategic investment risk, each of which can be analyzed in substantial part through quantitative tools and techniques. Of these, we believe underwriting risk to be the most material to us. In order to understand, monitor, quantify and proactively assess underwriting risk, we seek to develop and deploy appropriate tools to, among other things, estimate the comparable expected returns on potential business opportunities, and estimate the impact that such incremental business could have on our overall risk profile. We use the tools and methods described above in "Underwriting" to seek to achieve these objectives. Embedded within our consideration of assumed risk is our management of the Company's aggregate, consolidated risk profile. In part through the utilization of REMS© and our other systems and procedures, we seek to analyze our in-force aggregate assumed risk portfolio on a daily basis. We believe this capability helps us to manage our aggregate exposures, as well as to rigorously analyze individual proposed transactions and evaluate them in the context of our in-force portfolio. This aggregation process captures line of business, segment and corporate risk profiles, calculates internal and external capital tests and explicitly models ceded reinsurance. Generally, additional data is added quarterly to our aggregate risk framework to reflect updated or new information or estimates relating to matters such as interest rate risk, credit risk, capital adequacy and liquidity. This information is used in day-to-day decision making for underwriting, investments and operations and is also reviewed quarterly from both a unit level and in respect of our consolidated financial position. We also regularly assess, monitor and review our regulatory risk capital and related constraints.

(2) Business Environment Risk. We define this as the risk of changes in the business, political or regulatory environment that could negatively impact our short term or long-term financial results or the markets in which we operate. Accordingly, these risks are predominately extrinsic to the Company and in general, our ability to alter or eliminate these risks is limited. Rather, our efforts focus on monitoring developments, assessing potential impacts of any such changes, and investing in cost effective means to attempt to mitigate the consequences of and ensure compliance with any new requirements applicable to us.

(3) Operational Risk. We are subject to a number of additional risks arising out of operational, regulatory, and other matters. We define operational risk to include the risk that we fail to create, manage, control or mitigate the people, processes, structures or functions required to execute our strategic and tactical plans and assemble an optimized

portfolio of assumed risk, and to adjust to

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and comply with the evolving requirements of business environment risk applicable to us. In light of the rapid evolution of our markets, business environment, and business initiatives, we seek to continually invest in the tools, processes and procedures to mitigate our exposure to operational risk on a cost-effective basis. As with assumed risk and business environment risk, operational risk presents intrinsic uncertainties, and we may fail to appropriately identify or mitigate applicable operational risk.

(4) Reserve Risk. We define reserve risk as the risks related to our reserve for net claims and claim expenses, including the amount, both absolute and relative, of our outstanding reserve for net claims and claim expenses, and the impact of economic, social, legal and regulatory matters. Our reserve for net claims and claim expenses is subject to significant uncertainty as a result of these factors, and others. Although reserve risk can increase in both the absolute, and relative to its overall consideration in our ERM framework, and will increase after the Merger in light of the reserves we will assume, we attempt to employ robust resources, procedures and technology to identify, understand, quantify and manage these risks. Our reserve for net claims and claim expenses will continue to be subject to significant uncertainty and has the potential to develop adversely in future periods.

Identification and monitoring of business environment risk and operational risk is coordinated by senior personnel including our Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"), General Counsel and Chief Compliance Officer ("CCO"), Corporate Controller and Chief Accounting Officer ("CAO"), Chief Risk Officer ("CRO") and Head of Internal Audit, utilizing resources throughout the Company.

Although financial reporting is a key area of our focus, other operational risks are addressed through our disaster recovery program, human resource practices such as motivating and retaining top talent, our strict tax protocols and our legal and regulatory policies and procedures.

Controls and Compliance Committee. We believe that a key component of our current operational risk management platform is our Controls and Compliance Committee. The Controls and Compliance Committee is comprised of our CFO and COO, CCO, CAO, CRO, Head of Internal Audit, staff compliance professionals and representatives from our business units. The purpose of the Controls and Compliance Committee is to establish, assess the effectiveness of, and enforce policies, procedures and practices relating to accounting, financial reporting, internal controls, regulatory, legal, compliance and related matters, and for striving to ensure compliance with applicable laws and regulations, the Company's Code of Ethics and Conduct (the "Code of Ethics"), and other relevant standards. In addition, the Controls and Compliance Committee is charged with reviewing certain transactions that potentially raise complex and/or significant tax, legal, accounting, regulatory, financial reporting, reputational or compliance issues.

Ongoing Development and Enhancement. We seek to reflect and categorize risks we monitor in part through quantitative risk distributions, even where we believe that such quantitative analysis is not as robust or well developed as our tools and models for measuring and evaluating other risks, such as catastrophe and market risks. We also seek to improve the methods by which we measure risks. We believe effective risk management is a core attribute of our culture and is a continual process that requires ongoing improvement and development. We seek from time to time to identify effective new practices or additional developments both from within our industry and from other sectors. We believe that our ongoing efforts to embed ERM throughout our organization are important to our efforts to produce and maintain a competitive advantage to achieve our corporate goals.

RATINGS

Financial strength ratings are an important factor in respect of the competitive position of reinsurance and insurance companies. Rating organizations continually review the financial positions of our reinsurers and insurers. We continue to receive high claims-paying and financial strength ratings from A.M. Best Company, Inc. ("A.M. Best"), Standard and Poor's Rating Services ("S&P"), Moody's Investors Service ("Moody's") and Fitch Ratings Ltd. ("Fitch"). These ratings represent independent opinions of an insurer's financial strength, operating performance and ability to meet policyholder obligations, and are not an evaluation directed toward the protection of investors or a recommendation to buy, sell or hold any of our securities. Subsequent to the announcement of the Merger with Platinum, S&P and Fitch have affirmed the ratings of RenaissanceRe and the operating subsidiaries of RenaissanceRe, with a stable outlook, and A.M. Best and Moody's affirmed the ratings of RenaissanceRe and the operating subsidiaries of RenaissanceRe,

and placed the ratings under review with negative implications. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Capital Resources, Ratings" for the ratings of our principal operating subsidiaries and joint ventures by segment, and details of recent ratings actions. In addition, S&P assesses companies' ERM practices, which is an opinion on the many critical dimensions of risk that determine overall creditworthiness. RenaissanceRe has been assigned an ERM rating of "Very Strong", which is the highest rating assigned by S&P, and indicates that S&P believes RenaissanceRe has very strong capabilities to consistently identify, measure, and manage risk exposures and losses within RenaissanceRe's predetermined tolerance guidelines.

RESERVES FOR CLAIMS AND CLAIM EXPENSES

We believe the most significant accounting judgment made by management is our estimate of claims and claim expense reserves. Claims and claim expense reserves represent estimates, including actuarial and statistical projections at a given point in time, of the ultimate settlement and administration costs for unpaid claims and claim expenses arising from the insurance and reinsurance contracts we sell. We establish our claims and claim expense reserves by taking claims reported to us by insureds and ceding companies, but which have not yet been paid ("case reserves"), adding the costs for additional case reserves ("additional case reserves") which represent our estimates for claims previously reported to us which we believe may not be adequately reserved as of that date, and adding estimates for the anticipated cost of claims incurred but not yet reported to us ("IBNR").

The following table summarizes our claims and claim expense reserves by line of business and split between case reserves, additional case reserves and IBNR:

At December 31, 2014	Case Reserves	Additional Case Reserves	IBNR	Total
(in thousands)				
Catastrophe Reinsurance	$253,431	$150,825	$138,411	$542,667
Specialty Reinsurance	106,293	79,457	357,960	543,710
Lloyd's	65,295	14,168	204,984	284,447
Other	5,212	2,354	34,120	41,686
Total	$430,231	$246,804	$735,475	$1,412,510
At December 31, 2013				
(in thousands)				
Catastrophe Reinsurance	$430,166	$177,518	$173,303	$780,987
Specialty Reinsurance	113,188	81,251	311,829	506,268
Lloyd's	45,355	14,265	158,747	218,367
Other	14,915	2,324	40,869	58,108
Total	$603,624	$275,358	$684,748	$1,563,730

Our estimates of claims and claim expense reserves are not precise in that, among other matters, they are based on predictions of future developments and estimates of future trends and other variable factors. Some, but not all, of our reserves are further subject to the uncertainty inherent in actuarial methodologies and estimates. Because a reserve estimate is simply an insurer's estimate at a point in time of its ultimate liability, and because there are numerous factors which affect reserves and claims payments that cannot be determined with certainty in advance, our ultimate payments will vary, perhaps materially, from our estimates of reserves. If we determine in a subsequent period that adjustments to our previously established reserves are appropriate, such adjustments are recorded in the period in which they are identified. During 2014, changes to prior year estimated claims reserves increased our net income by $143.8 million (2013 - $144.0 million, 2012 - $158.0 million), excluding the consideration of changes in reinstatement premium, profit commissions, redeemable noncontrolling interest - DaVinciRe, equity in net claims and claim expenses of Top Layer Re and income tax.

The following table presents an analysis of our paid, unpaid and incurred losses and loss expenses and a reconciliation of beginning and ending reserves for claims and claim expenses for the years indicated:

Year ended December 31,	2014	2013	2012
(in thousands)			
Net reserves as of January 1	$1,462,705	$1,686,865	$1,588,325
Net incurred related to:			
Current year	341,745	315,241	483,180
Prior years	(143,798)	(143,954)	(157,969)
Total net incurred	197,947	171,287	325,211
Net paid related to:			
Current year	39,830	32,212	84,056
Prior years	275,006	363,235	142,615
Total net paid	314,836	395,447	226,671
Total net reserves as of December 31	1,345,816	1,462,705	1,686,865
Reinsurance recoverable as of December 31	66,694	101,025	192,512
Total gross reserves as of December 31	$1,412,510	$1,563,730	$1,879,377

Refer to “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Summary of Critical Accounting Estimates, Claims and Claim Expense Reserves” for additional discussion regarding the Company’s reserving methodologies, including key assumptions and sensitivity analysis and a discussion regarding the Company’s accounting treatment and favorable development on prior years net claims and claim expenses.

Our reserving methodology for each line of business uses a loss reserving process that calculates a point estimate for the Company’s ultimate settlement and administration costs for claims and claim expenses. We do not calculate a range of estimates. We use this point estimate, along with paid claims and case reserves, to record our best estimate of additional case reserves and IBNR in our consolidated financial statements. Under GAAP, we are not permitted to establish estimates for catastrophe claims and claim expense reserves until an event occurs that gives rise to a loss.

Reserving for our reinsurance claims involves other uncertainties, such as the dependence on information from ceding companies, which among other matters, includes the time lag inherent in reporting information from the primary insurer to us or to our ceding companies and differing reserving practices among ceding companies. The information received from ceding companies is typically in the form of bordereaux, broker notifications of loss and/or discussions with ceding companies or their brokers. This information can be received on a monthly, quarterly or transactional basis and normally includes estimates of paid claims and case reserves. We sometimes also receive an estimate or provision for IBNR. This information is often updated and adjusted from time to time during the loss settlement period as new data or facts in respect of initial claims, client accounts, industry or event trends may be reported or emerge in addition to changes in applicable statutory and case laws.

Our estimates of losses from large events are based on factors including currently available information derived from the Company’s claims information from certain customers and brokers, industry assessments of losses from the events, proprietary models, and the terms and conditions of our contracts. The uncertainty of our estimates for large events is also impacted by the preliminary nature of the information available, the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided to the relevant date by industry participants and the potential for further reporting lags or insufficiencies; and in certain large events, significant uncertainty as to the form of the claims and legal issues, under the relevant terms of insurance and reinsurance contracts. In addition, a significant portion of the net claims and claim expenses associated with Storm Sandy and the New Zealand and Tohoku Earthquakes is concentrated with a few large clients and therefore the loss estimates for these events may vary significantly based on the claims experience of those clients. Loss reserve estimation in respect of our retrocessional contracts poses further challenges compared to directly assumed reinsurance. There is inherent uncertainty and complexity in evaluating loss reserve levels and reinsurance recoverable amounts, due to the nature of the losses relating to earthquake

events, including that loss development time frames tend to take longer with respect to earthquake events. The contingent nature of business interruption and other exposures will also impact losses in a meaningful way, especially in respect of our current reserves with regard to Storm Sandy, the Tohoku Earthquake and the Thailand Floods, which we believe may give rise to significant complexity in respect of claims handling, claims adjustment and other coverage issues, over time. Given the magnitude and relatively recent occurrence of these large events, meaningful uncertainty remains regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying our loss estimates. In addition, our actual net losses from these events may increase if our reinsurers or other obligors fail to meet their obligations.

Because of the inherent uncertainties discussed above, we have developed a reserving philosophy which attempts to incorporate prudent assumptions and estimates, and we have generally experienced favorable net development on prior accident years net claims and claim expenses in the last several years. However, there is no assurance that this favorable development on prior accident years net claims and claim expenses will occur in future periods.

Our reserving techniques, assumptions and processes differ among our Catastrophe Reinsurance, Specialty Reinsurance and Lloyd’s segments, and Other category. Refer to “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Summary of Critical Accounting Estimates, Claims and Claim Expense Reserves” for more information on the risks we insure and reinsure, the reserving techniques, assumptions and processes we follow to estimate our claims and claim expense reserves, and our current estimates versus our initial estimates of our claims reserves, for each of these units.

The following table represents the development of our GAAP balance sheet reserves for December 31, 2004 through December 31, 2014. This table does not present accident or policy year development data. The top line of the table shows the gross reserves for claims and claim expenses at the balance sheet date for each of the indicated years. This represents the estimated amounts of claims and claim expenses arising in the current year and all prior years that are unpaid at the balance sheet date, including additional case reserves and IBNR reserves. The table also shows the re-estimated amount of the previously recorded reserves based on experience as of the end of each succeeding year. The estimate changes as more information becomes known about the frequency and severity of claims for individual years. The “cumulative redundancy on net reserves” represents the aggregate change to date from the indicated estimate of the gross reserve for claims and claim expenses, net of reinsurance recoverable on the second line of the table. The table also shows the cumulative net paid amounts as of successive years with respect to the net reserve liability. At the bottom of the table is a reconciliation of the gross reserve for claims and claim expenses to the net reserve for claims and claim expenses, the gross re-estimated liability to the net re-estimated liability for claims and claim expenses, and the cumulative redundancy on gross reserves.

With respect to the information in the table below, note that each amount includes the effects of all changes in amounts for prior periods, including the effect of foreign exchange rates.

Year ended December 31, (in millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross reserve for claims and claim expenses	$1,295.0	$2,381.4	$1,811.0	$1,717.2	$1,758.8	$1,344.4	$1,257.8	$1,992.3	$1,879.4	$1,563.7	$1,412.5
Reserve for claims and claim expenses, net of reinsurance recoverable	$1,099.2	$1,742.2	$1,591.3	$1,609.5	$1,565.2	$1,260.3	$1,156.1	$1,588.3	$1,686.9	$1,462.7	$1,345.8
1 Year Later	878.6	1,610.7	1,368.3	1,412.6	1,299.0	958.2	1,024.1	1,430.3	1,543.0	1,318.9	—
2 Years Later	844.0	1,449.1	1,225.9	1,199.0	1,045.1	857.6	895.8	1,345.5	1,419.2	—	—
3 Years Later	749.1	1,333.7	1,092.2	997.8	961.4	770.8	849.5	1,274.8	—	—	—
4 Years Later	717.2	1,231.6	911.1	923.0	888.7	727.4	838.4	—	—	—	—
5 Years Later	683.7	1,077.8	847.2	878.5	849.2	697.8	—	—	—	—	—
6 Years Later	628.9	1,022.7	823.5	858.6	824.6	—	—	—	—	—	—
7 Years Later	609.2	1,002.8	819.1	848.0	—	—	—	—	—	—	—
8 Years Later	604.5	1,009.4	811.4	—	—	—	—	—	—	—	—
9 Years Later	612.4	1,004.7	—	—	—	—	—	—	—	—	—
10 Years Later	611.4	—	—	—	—	—	—	—	—	—	—
Cumulative redundancy on net reserves	$487.8	$737.5	$779.9	$761.5	$740.6	$562.5	$317.7	$313.5	$267.7	$143.8	$—
Cumulative Net Paid Losses											
1 Year Later	302.8	354.8	247.6	337.1	191.5	182.8	129.7	142.6	363.2	275.0	—
2 Years Later	370.8	548.4	435.8	469.5	369.1	301.5	301.5	484.5	605.5	—	—
3 Years Later	395.7	712.6	529.5	553.0	471.6	420.6	379.3	667.9	—	—	—
4 Years Later	446.8	782.9	569.4	605.7	585.8	456.2	437.6	—	—	—	—
5 Years Later	472.7	812.0	594.2	690.4	615.3	487.8	—	—	—	—	—
6 Years Later	482.7	833.1	656.1	703.2	641.2	—	—	—	—	—	—
7 Years Later	492.2	879.1	668.7	724.7	—	—	—	—	—	—	—
8 Years Later	527.6	890.9	676.5	—	—	—	—	—	—	—	—
9 Years Later	533.9	893.2	—	—	—	—	—	—	—	—	—
10 Years Later	532.3	—	—	—	—	—	—	—	—	—	—
Gross reserve for claims and claim expenses	$1,295.0	$2,381.4	$1,811.0	$1,717.2	$1,758.8	$1,344.4	$1,257.8	$1,992.3	$1,879.4	$1,563.7	$1,412.5
Reinsurance recoverable on	195.8	639.2	219.7	107.7	193.6	84.1	101.7	404.0	192.5	101.0	66.7

unpaid losses											
Net reserve for claims and claim expenses	$1,099.2	$1,742.2	$1,591.3	$1,609.5	$1,565.2	$1,260.3	$1,156.1	$1,588.3	$1,686.9	$1,462.7	$1,345.8
Gross liability re-estimated	$811.4	$1,618.0	$1,020.2	$917.0	$966.2	$745.8	$922.5	$1,675.0	$1,587.6	$1,406.1	$—
Reinsurance recoverable on unpaid losses re-estimated	200.0	613.3	208.8	69.0	141.6	48.0	84.2	400.2	168.4	87.3	—
Net liability re-estimated	$611.4	$1,004.7	$811.4	$848.0	$824.6	$697.8	$838.3	$1,274.8	$1,419.2	$1,318.8	$—
Cumulative redundancy on gross reserves	$483.6	$763.4	$790.8	$800.2	$792.6	$598.6	$335.3	$317.3	$291.8	$157.6	$—

INVESTMENTS

Our investment guidelines stress preservation of capital, market liquidity, and diversification of risk. The majority of our investments consist of highly rated fixed income securities. We also hold a significant amount of short term investments. Short term investments are managed as part of our investment portfolio and have a maturity of one year or less when purchased. In addition, we have an allocation to other investments including private equity partnerships, a senior secured bank loan fund, catastrophe bonds, and hedge funds, and to certain equity securities. We may from time to time re-evaluate our investment guidelines and explore investment allocations to other asset classes. Our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities.

The table below shows the aggregate amounts of our invested assets:

At December 31,	2014			2013		
(in thousands, except percentages)						
U.S. treasuries	$1,671,471	24.8	%	$1,352,413	19.8	%
Agencies	96,208	1.4	%	186,050	2.7	%
Non-U.S. government (Sovereign debt)	280,651	4.2	%	334,580	4.9	%
Non-U.S. government-backed corporate	146,467	2.2	%	237,479	3.5	%
Corporate	1,610,442	23.9	%	1,803,415	26.4	%
Agency mortgage-backed	316,620	4.7	%	341,908	5.0	%
Non-agency mortgage-backed	253,050	3.7	%	257,938	3.8	%
Commercial mortgage-backed	381,051	5.7	%	314,236	4.6	%
Asset-backed	27,610	0.4	%	15,258	0.2	%
Total fixed maturity investments, at fair value	4,783,570	71.0	%	4,843,277	70.9	%
Short term investments, at fair value	1,013,222	15.0	%	1,044,779	15.3	%
Equity investments trading, at fair value	322,098	4.8	%	254,776	3.7	%
Other investments, at fair value	504,147	7.5	%	573,264	8.5	%
Total managed investment portfolio	6,623,037	98.3	%	6,716,096	98.4	%
Investments in other ventures, under equity method	120,713	1.7	%	105,616	1.6	%
Total investments	$6,743,750	100.0	%	$6,821,712	100.0	%

For additional information regarding the investment portfolio, refer to “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Investments”.

MARKETING

We believe that our modeling and technical expertise, the risk management products that we provide to our customers, and our reputation for paying claims promptly has enabled us to become a provider of first choice in many lines of business to our customers worldwide. We market our products worldwide primarily through reinsurance brokers and we focus our marketing efforts on targeted brokers and partners. We believe that our existing portfolio of business is a valuable asset and, therefore, we attempt to continually strengthen relationships with our existing brokers and customers. We target prospects that are capable of supplying detailed and accurate underwriting data and that potentially add further diversification to our book of business.

We believe that primary insurers’ and brokers’ willingness to use a particular reinsurer is based not just on pricing, but also on the financial security of the reinsurer, its claim paying ability ratings and demonstrated willingness to promptly pay valid claims, the quality of a reinsurer’s service, the reinsurer’s willingness and ability to design customized programs, its long-term stability and its commitment to provide reinsurance capacity. We believe we have established a reputation with our brokers and customers for prompt response on underwriting submissions, for fast claims payments and for providing creative solutions to our customers’ needs. Since we selectively write large lines on a limited number of property catastrophe and specialty reinsurance contracts, we can establish terms and conditions on those contracts that are attractive

in our judgment, make large commitments to the most attractive programs and provide superior client responsiveness. We believe that our willingness and ability to design customized programs and to provide bespoke risk management products has helped us to develop long-term relationships with brokers and customers.

Our brokers assess client needs and perform data collection, contract preparation and other administrative tasks, enabling us to market our products cost effectively by maintaining a smaller staff. We believe that by maintaining close relationships with brokers, we are able to obtain access to a broad range of potential reinsureds. In recent years, our distribution has become increasingly reliant on a small and relatively decreasing number of such relationships reflecting consolidation in the broker sector. We expect this concentration to continue and perhaps increase.

The following table shows the percentage of our Catastrophe Reinsurance and Specialty Reinsurance segments' gross premiums written generated through our largest brokers:

	Catastrophe Reinsurance			Specialty Reinsurance		
Year ended December 31,	2014	2013	2012	2014	2013	2012
AON Benfield	57.2 %	50.6 %	54.0 %	53.2 %	40.0 %	37.4 %
Marsh & McLennan Companies	20.5 %	21.5 %	20.3 %	23.1 %	27.5 %	30.4 %
Willis Group	11.2 %	14.9 %	8.6 %	14.0 %	25.4 %	26.6 %
Total of largest brokers	88.9 %	87.0 %	82.9 %	90.3 %	92.9 %	94.4 %
All others	11.1 %	13.0 %	17.1 %	9.7 %	7.1 %	5.6 %
Total percentage of segment gross premiums written	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

The following table shows the number of brokers for which we issued authorization for coverage on programs, the number of program submissions received and the number and percent of authorizations issued, split between our Catastrophe Reinsurance, Specialty Reinsurance and Lloyd's segments for 2014:

Year ended December 31, 2014	Catastrophe Reinsurance	Specialty Reinsurance	Lloyd's
Number of brokers	13	15	49
Program submissions	2,493	494	3,777
Programs authorized	795	211	962
Programs authorized as a percentage of program submissions	32 %	43 %	25 %

EMPLOYEES

At February 18, 2015, we employed 281 people worldwide (February 19, 2014 - 285, February 20, 2013 - 309). As part of the sale of REAL, which closed on October 1, 2013, our overall headcount was reduced by 31 employees. We believe our strong employee relations are among our most significant strengths. None of our employees are subject to collective bargaining agreements. We are not aware of any current efforts to implement such agreements at any of our subsidiaries. The Company has historically looked for opportunities to strengthen its operations during periods of softening markets in anticipation of improving market conditions, however, we may from time to time reevaluate our operational needs based on various factors, including the changing nature of such market conditions and changes in our strategy or tactical plans. Our overall headcount is expected to increase as a result of our proposed acquisition of Platinum. In addition, we currently expect to continue to experience a degree of employee growth in the U.K., the U.S. and other markets outside Bermuda, which may lead to, in certain cases, new or expanded human resource requirements.

INFORMATION TECHNOLOGY

Our information technology infrastructure is important to our business. Our information technology platform, supported by a team of professionals, is maintained across various office locations. Additional information technology assets are maintained at the other office locations of our operating subsidiaries. We have implemented backup procedures that seek to ensure that our key business systems and data are backed up, generally on a daily basis, and can be restored promptly if and as needed. In addition, we generally store backup information at off-site locations, in order to seek to minimize our risk of loss of key data in the event of a disaster.

We depend on the proper functioning and availability of our information technology platform. This includes communications and data processing systems used in operating our business. These systems consist of proprietary software programs that are integral to the efficient operation of our business (including REMS©, our proprietary computer-based pricing and exposure management system). In addition, we frequently transmit and receive personal, confidential and proprietary information by email and other electronic means, as required in connection with our business, with our internal operations and with facilitating the oversight conducted by our Board of Directors. Computer viruses, hackers, employee misuse or misconduct and other external hazards could expose our data systems to security breaches, cyber attacks or other disruptions.

We believe that the preponderance of our business and support functions utilize information systems that provide critical services to both our employees and our customers. We are also required to effect electronic transmissions with third parties including brokers, clients, vendors and others with whom we do business. While we seek to ensure that our information is appropriately protected by these parties by performing third party risk assessments, we may be unable to establish secure capabilities with all of them; in addition, these third parties may not have appropriate controls in place to protect the confidentiality of the information.

Cyber incidents that impact the availability, reliability, speed, accuracy or other proper functioning of these systems could have a significant impact on our operations, and potentially on our results. Publicly reported instances of cyber security threats and incidents have increased over recent periods, and it is possible that cyber-related risks for us or the costs to us of complying with new or developing regulatory requirements has or will increase. In 2011, the SEC drafted informal staff-level guidance for public companies to use when considering whether to disclose cyber attacks and their impact on a company's financial condition, and it is possible that the SEC or other agencies which regulate or oversee us will adopt new standards or requirements with which we would be required to comply. We also operate in a number of jurisdictions with strict data privacy and other related laws, which could be violated in the event of a significant cybersecurity incident, or by our personnel. Failure to comply with these obligations can give rise to monetary fines and other penalties, which could be significant.

We seek to protect our information systems through physical and electronic safeguards as well as backup systems considered appropriate by management. However, it is not practicable to protect against every potential power loss, telecommunications failure, cybersecurity attack or similar event that may arise. Moreover, the safeguards we have chosen to utilize are subject to human implementation and maintenance and to other uncertainties.

A significant cyber incident, including system failure, security breach, disruption by malware or other damage could interrupt or delay our operations. Cyber incidents may result in a violation of applicable privacy and other laws and could damage our reputation potentially causing a loss of customers. Management is not aware of a cybersecurity incident that has had a material effect on our operations, although there can be no assurances that a cyber incident that could have a material impact on us will not occur in the future. We do however periodically perform security penetration test scenarios and provide regular security risk staff education awareness sessions, to evaluate our preparedness and enhance both our system and user ability to detect, alert and respond to such an incident.

We have implemented and periodically test our disaster recovery plans with respect to our information technology infrastructure. Among other things, our recovery plans involve arrangements with off-site, secure data centers in alternative locations. We believe we will be able to access our systems from these facilities in the event that our primary systems are unavailable due to various scenarios, such as natural disasters. However, we have not prepared for every conceivable disaster or every scenario which might

arise in respect of the disaster for which we have prepared, and cannot assure you our efforts in respect of disaster recovery will succeed, or will be sufficiently rapid to avoid harm to our business.

REGULATION

U.S. Regulation

Dodd-Frank Act. On July 21, 2010, President Obama signed into law the Dodd-Frank Act which effects sweeping reforms of the financial services industries. Although the Dodd-Frank Act does not change the state-based system of insurance regulation in the U.S., it does establish federal measures that will impact the U.S. insurance business and preempt certain state insurance laws. Over time, the Dodd-Frank Act or those agencies responsible for its enforcement may lay the foundation for ultimately establishing some form of U.S. federal regulation of insurance.

The Dodd-Frank Act created the Financial Stability Oversight Council (“FSOC”) to identify and respond to risks to the financial stability of the U.S. and to promote market discipline. FSOC is authorized to designate a nonbank financial company as “systemically significant” if its material financial distress could threaten the financial stability of the U.S. In 2013, FSOC designated three nonbank financial companies, including two insurance groups, as systemically significant and in 2014, FSOC designated a third insurance group as systemically significant. Those designated entities will be subject to supervision by the Board of Governors of the Federal Reserve System as well as enhanced prudential standards, including stress tests, liquidity requirements, annual resolution plans or “living wills,” and enhanced public disclosures. FSOC’s potential recommendation of measures to address systemic risk in the insurance industry could affect our insurance and reinsurance operations as could a determination that we or our counterparties are systemically significant.

The Dodd-Frank Act also created the first office in the Federal government focused on insurance - the Federal Insurance Office (“FIO”). Although FIO has preemption authority over state insurance laws that conflict with certain international agreements, FIO does not have general supervisory or regulatory authority over the business of insurance. Certain functions of FIO relate to systemic risk. Specifically, FIO is authorized to monitor the U.S. insurance industry and identify potential regulatory gaps that could contribute to systemic risk. In addition, FIO may recommend to FSOC the designation of systemically important insurers.

FIO has a particular role in connection with international insurance matters. FIO represents the U.S. at the International Association of Insurance Supervisors (“IAIS”); in 2012, FIO participated in IAIS’s Financial Stability Committee and joined IAIS’s Executive Committee. FIO’s Director serves as Chair of the IAIS Technical Committee, which is developing the Common Framework for the Supervision of Internationally Active Insurance Groups. The Dodd-Frank Act authorizes the Secretary of the Treasury and U.S. Trade Representative to enter into international agreements of mutual recognition regarding the prudential regulation of insurance or reinsurance (a “Covered Agreement”). Significantly, FIO is authorized to preempt state measures that (i) are inconsistent with a Covered Agreement and (ii) disfavor non-U.S. insurers subject to a Covered Agreement.

FIO is required to report to Congress annually on the insurance industry and any preemption actions regarding any Covered Agreement. FIO is also required to issue two special reports: one on how to improve and modernize U.S. insurance regulation and another on the significance of the global reinsurance market to the U.S. insurance market. On December 12, 2013, FIO delivered its report to Congress on how to modernize and improve the system of insurance regulation in the U.S. The report recommended that, in the short term, the U.S. system of insurance regulation can be modernized through state-based improvements combined with certain federal actions. The report identified areas for direct federal involvement in international standard setting, FIO participation in supervisory colleges which monitor the regulation of large national and internationally active insurance groups and federal pursuit of Covered Agreements to afford nationally uniform treatment of reinsurance collateral requirements. The report also made several recommendations for state reform of insurance regulation, including changes to the state regulation of insurance company solvency, group supervision and corporate governance. The FIO report stated that the system of U.S. insurance regulation can be modernized and improved in the short-term, while warning that if the various U.S. states do not act in the near term to effectively regulate matters on a consistent and cooperative basis, in FIO’s view, there will be a greater role for federal regulation of

insurance. The potential impact of the Dodd-Frank Act on our U.S. cedants and on the U.S. treatment of global reinsurance matters is not clear at this time.

In December 2014, FIO delivered its report to Congress describing the breadth of the global reinsurance market and its critical role in supporting the U.S. insurance system. The report does not assess whether reinsurance or any particular reinsurer could be systemically important. However, noting the importance of the global reinsurance market to U.S. reinsurers, the report notes that the U.S. Treasury Department and the United States Trade Representative are considering a Covered Agreement with respect to collateral requirements for reinsurers. We are monitoring developments at FSOC and FIO in connection with the possible impact on our U.S. insurance and reinsurance business. It is possible FIO will, in the future, issue recommendations in respect of the reinsurance market that would, if enacted, impact our markets or our operations significantly, perhaps adversely. The Dodd-Frank Act also provides for the specific preemption of certain state insurance laws in the areas of reinsurance and surplus insurance regulation. At this time, it is difficult to predict the extent to which the Dodd-Frank Act or the resulting regulations will impact our business. However, compliance with these new laws and regulations has resulted in additional costs. Although we do not expect these costs to be material to us as a whole, we cannot be certain that this expectation will prove accurate or that the Dodd-Frank Act will not impact our business more adversely than we currently estimate.

Reinsurance Regulation. Our Bermuda-domiciled insurance operations and joint ventures principally consist of Renaissance Reinsurance, DaVinci, Top Layer Re, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S. and Upsilon RFO. All are admitted to transact insurance business in Bermuda. The insurance laws of each state of the U.S. regulate the sale of reinsurance to ceding insurers authorized in the state by non-admitted alien reinsurers, acting from locations outside the state. With some exceptions, the sale of insurance or reinsurance within a jurisdiction where the insurer is not admitted to do business is prohibited. Our Bermuda-domiciled insurance operations and joint ventures do not maintain an office or solicit, advertise, settle claims or conduct other insurance activities in any jurisdiction, other than Bermuda, where the conduct of such activities would require that any company be so admitted.

In 2013, we organized RenaissanceRe Underwriting Managers U.S., a specialty reinsurance agency domiciled in Connecticut, to provide specialty treaty reinsurance solutions on both a quota share and excess of loss basis, as well as to write business on behalf of RenaissanceRe Specialty U.S., a Bermuda-domiciled reinsurer launched in 2013 which operates subject to U.S. federal income tax, and Syndicate 1458. RenaissanceRe Underwriting Managers U.S. is licensed by the Connecticut Department of Insurance as a reinsurance intermediary broker and is required to maintain its reinsurance intermediary broker license in force in order to conduct its reinsurance operations in Connecticut.

Although, in general, reinsurance contract terms and rates are not subject to regulation by state insurance authorities, a primary U.S. insurer ordinarily will enter into a reinsurance agreement only if it can obtain credit on its statutory financial statements for the reinsurance ceded. State insurance regulators permit U.S. ceding insurers to take credit for reinsurance ceded to non-admitted, non-U.S. (alien) reinsurers if the reinsurance contract contains certain minimum provisions and if the reinsurance obligations of the non-U.S. reinsurer are appropriately collateralized. Qualifying collateral may be established by an alien reinsurer exclusively for a single U.S. ceding company. Alternatively, an alien reinsurer that is accredited by a state may establish a multi-beneficiary trust with qualifying assets equal to its reinsurance obligations to all U.S. ceding insurers, plus a trusteed surplus amount. Renaissance Reinsurance and DaVinci are each an accredited reinsurer in New York and Florida and have established multi-beneficiary trusts with a qualifying financial institution in New York for the benefit of their U.S. cedants.

States have generally required alien reinsurers to provide collateral equal to one hundred percent of their reinsurance obligations to U.S. ceding insurers. However, eighteen states have recently changed their credit for reinsurance laws to permit US ceding insurers to take full credit for reinsurance when a “certified” reinsurer posts reduced collateral amounts. Under these amended credit for reinsurance laws, qualifying alien reinsurers may reduce their collateral for future reinsurance agreements based on a secure rating assigned by the U.S. insurance regulator. The secure rating is assigned by the state upon an assessment of the reinsurer’s financial condition, financial strength ratings and other factors. In addition, the alien reinsurer must be domiciled in a jurisdiction that is “qualified” under state law. In December 2014, the National Association of Insurance Commissioners (the “NAIC”) approved its initial list of qualified jurisdictions, including Bermuda, and states that have amended their credit for reinsurance laws may accept

such conditional qualification in assessing reinsurers for certification. Of the eighteen states that have changed their credit for reinsurance laws, only Connecticut, New York and Florida have approved any reinsurers for collateral reduction. Florida has approved Renaissance Reinsurance and DaVinci for collateral reduction.

The Dodd-Frank Act also addresses states' extraterritorial regulation of credit for reinsurance and the solvency regulation of U.S. reinsurers. The Dodd-Frank Act prohibits a state in which a U.S. ceding insurer is licensed, but not domiciled, from denying credit for reinsurance if the ceding insurer's domestic state recognizes credit for reinsurance for the insurer's ceded risk and is a state accredited by the NAIC (or has substantially similar financial solvency requirements). With limited exceptions, the provisions of the Dodd-Frank Act affecting reinsurance became effective July 21, 2011.

Although these changes may benefit our Bermuda based reinsurers by prohibiting states' extraterritorial application of credit for reinsurance laws and streamlining the credit for reinsurance process, states may also impose heightened standards on U.S. ceding insurers' in their selection of reinsurers which could have an adverse impact on our business.

Excess and Surplus Lines Regulation. RenaissanceRe Specialty Risks, domiciled in Bermuda, is not licensed in the U.S. but is eligible to offer coverage in the U.S. exclusively in the surplus lines market. RenaissanceRe Specialty Risks is listed on the NAIC's International Insurers Department's Quarterly List of Alien Insurers as an eligible alien surplus lines insurer. Under the Dodd Frank Act, states may not prohibit a surplus lines broker from placing insurance with an alien insurer that appears in the Quarterly List of Alien Insurers maintained by the International Insurers Department. In accordance with certain provisions of the NAIC Nonadmitted Insurance Model Act, which provisions have been adopted by a number of states, RenaissanceRe Specialty Risks has established, and is required to maintain, a trust funded to a minimum amount as a condition of its status as an eligible, non-admitted insurer in the U.S. Although surplus lines business is generally less regulated than the admitted market, strict regulations apply to surplus lines placements under the laws of every state, and the regulation of surplus lines insurance may undergo changes in the future.

Admitted Company Regulation. Although we do not currently have any subsidiaries that are U.S. licensed insurance companies, we will acquire one upon completion of the Merger: Platinum Underwriters Reinsurance, Inc. ("Platinum U.S."), a Maryland domiciled insurer licensed in 26 states and the District of Columbia and qualified or certified as a reinsurer in 24 states. As a U.S. licensed and authorized insurer, Platinum U.S. is subject to considerable regulation and supervision by state insurance regulators. The extent of regulation varies but generally has its source in statutes that delegate regulatory, supervisory and administrative authority to a department of insurance in each state. Among other things, state insurance commissioners regulate insurer solvency standards, authorized investments, loss and expense reserves and provisions for unearned premiums, and deposits of securities for the benefit of policyholders. State insurance departments also conduct periodic examinations of the affairs of authorized insurance companies and require the filing of annual and other reports relating to the financial condition of companies and other matters. Costs associated with understanding and complying with the regulations and requirements imposed by the Maryland Insurance Administration, as well as any changes or amendments to such regulations, will result in increased costs or burdens for RenaissanceRe as a result of the Merger. It is difficult to predict or quantify the additional costs to RenaissanceRe that may result from complying with the additive regulatory requirements imposed by the regulatory agencies with oversight authority over the operations to be acquired in the Merger.

Holding Company Regulation. Although we are not currently subject to regulation under the insurance holding company laws of any U.S. jurisdiction, completion of the Merger will subject us to the insurance holding company laws of Maryland, the domestic state of Platinum U.S. These laws generally require Platinum U.S., as a subsidiary of an insurance holding company, to register and file with the Maryland Insurance Administration certain reports including providing information concerning its capital structure, ownership, financial condition and general business operations. Generally, all transactions involving the insurers in a holding company system and their affiliates must be fair and, if material, require prior notice and approval or non-disapproval by the Maryland Insurance Administration. Further, Maryland law places limitations on the amounts of dividends or distributions payable by Platinum U.S. Payment of ordinary dividends by Platinum U.S. requires notice to the Maryland Insurance Administration.

Extraordinary dividends, which must be paid out of earned surplus, generally require thirty days' prior notice to and

approval or non-disapproval of the Maryland Insurance Administration before being declared. An extraordinary dividend includes any dividend whose fair market value together with that of other dividends or distributions made within the preceding twelve months exceeds the lesser of (1) ten percent of the insurer's surplus as regards policyholders as of December 31 of the next preceding year or (2) the insurer's net investment income, excluding realized capital gains (as determined under statutory accounting principles), for the twelve month period ending December 31 of the next preceding year and pro rata distributions of any class of the insurer's own securities, plus any amounts of net investment income (subject to the foregoing exclusions), in the three calendar years prior to the preceeding year which have not been distributed.

Maryland law also requires prior notice and Maryland Insurance Administration approval of changes in control of a Maryland-domestic insurer or its holding company. Any purchaser of 10% or more of the outstanding voting securities of an insurance company or its holding company is presumed to have acquired control, unless the presumption is rebutted. Therefore, after completion of the Merger, any investor who intends to acquire 10% or more of RenaissanceRe's outstanding voting securities may need to comply with these laws and would be required to file notices and reports with the Maryland Insurance Administration before such acquisition. In addition, RenaissanceRe's Bye-Laws prohibit transfers of our capital shares if the transfer would result in a person owning or controlling shares that constitute 9.9% or more of any class or series of our shares.

Maryland amended its holding company laws effective January 1, 2014 to introduce the concept of enterprise risk reporting into its laws. The amendments impose more extensive informational requirements on parents and other affiliates of licensed insurers or reinsurers with the purpose of protecting the licensed companies from enterprise risk, including requiring an annual enterprise risk report by the ultimate controlling person identifying the material risks within the insurance holding company system that could pose enterprise risk to the licensed companies. The first enterprise risk report will be due in Maryland by July 1, 2015.

NAIC Ratios. The NAIC has established 11 financial ratios to assist state insurance departments in their oversight of the financial condition of licensed property and casualty U.S. insurance companies operating in their respective states. The NAIC's Insurance Regulatory Information System ("IRIS") calculates these ratios based on information submitted by insurers on an annual basis and shares the information with the applicable state insurance departments. Each ratio has an established "usual range" of results and assists state insurance departments in executing their statutory mandate to oversee the financial condition of insurance companies. A ratio result falling outside the usual range of IRIS ratios is not considered a failing result; rather unusual values are viewed as part of the regulatory early monitoring system. Furthermore, in some years, it may not be unusual for financially sound companies to have several ratios with results outside the usual ranges. An insurance company may fall out of the usual range for one or more ratios because of specific transactions that are in themselves immaterial. Generally, an insurance company will be subject to regulatory scrutiny if it falls outside the usual ranges with respect to four or more of the ratios.

Legislative and Regulatory Proposals. Government intervention in the insurance and reinsurance markets in the U.S. continues to evolve. Although U.S. state regulation is currently the primary form of regulation of insurance and reinsurance, in addition to changes brought about by the Dodd-Frank Act, Congress has considered over the past years various proposals relating to the creation of an optional federal charter, repeal of the insurance company antitrust exemption from the McCarran Ferguson Act, and tax law changes, including changes to increase the taxation of reinsurance premiums paid to off-shore affiliates with respect to U.S. risks. We are unable to predict what reforms will be proposed or adopted or the effect, if any, that such reforms would have on our operations and financial condition.

In 2007, Florida enacted legislation which enabled the FHCF to offer increased amounts of coverage in addition to the mandatory coverage amount, at below-market rates. Further, the legislation expanded the ability of the state-sponsored insurer, Citizens, to compete with private insurance companies, and other companies that cede business to us. This legislation reduced the role of the private insurance and reinsurance markets in Florida, a key target market of ours. In May 2009, the Florida legislature took steps to strengthen the financial condition of FHCF and Citizens, which a government-appointed task force determined to have been impaired by issues including the crisis in the credit markets, widespread rate inadequacy, and issues arising out of the application of discounts for housing retrofits and mitigation

features. A bill was passed in 2009 permitting Citizens to raise its rates by up to 10% starting in 2010 and every year thereafter until its current shortfall is corrected and Citizens has sufficient funds to pay its claims and expenses. The bill gradually phased out $12.0 billion in optional reinsurance coverage under the FHCF over the succeeding five years. The rate increases and cut back on coverage by FHCF and Citizens have supported, over this period, a relatively increased role for private insurers in Florida, a market in which we have established substantial market share. However, we cannot assure you that this increased role will continue or be maintained, or that adverse new legislation will not be passed.

It is possible that other states, particularly those with Atlantic or Gulf Coast exposures, or California in respect of its seismic exposures, may enact new or expanded legislation based on the earlier Florida precedent, or may otherwise enact legislation which would further diminish aggregate private market demand for our products. Alternatively, legislation adversely impacting the private markets could be enacted on a regional or Federal level. For example, in the past, federal bills have been proposed in Congress (and, in prior Congressional sessions, passed by the House of Representatives) which would, if enacted, create a federal reinsurance backstop or guarantee mechanism for catastrophic risks, including those we currently insure and reinsure in the private markets. In 2009, the Catastrophe Obligation Guarantee Act was introduced in the Senate and House (S. 886) to federally guarantee bond issuances by certain government entities, potentially including the FHCF, the Texas Windstorm Insurance Association, the California Earthquake Authority, and others. In August 2012, Congressman Albio Sires introduced the Taxpayers' Protection Act (HR 6477). The bill would establish a federal catastrophe fund where eligible states can purchase reinsurance directly from the federal government. In January 2013, Congresswoman Frederica Wilson introduced the Homeowners' Defense Act which would, if enacted, provide for the creation of (i) a federal reinsurance catastrophe fund; (ii) a federal consortium to facilitate qualifying state residual markets and catastrophe funds in securing reinsurance; and (iii) a federal bond guarantee program for state catastrophe funds in qualifying state residual markets. It is possible that new bills will be introduced this Congressional session to create a federal catastrophe reinsurance program to back up state insurance or reinsurance programs, or to establish other similar or analogous funding mechanisms or structures. If enacted, any of these bills, or legislation similar to these proposals, would, we believe, likely contribute to the growth of state entities offering below market priced insurance and reinsurance in a manner adverse to us and market participants more generally, and could accordingly adversely impact our financial results, perhaps materially. Moreover, we believe that numerous modeled potential catastrophes could exceed the actual or politically acceptable bonded capacity of Citizens and of the FHCF, which could lead either to a severe dislocation or the increased likelihood of federal intervention in the Florida market, either of which would adversely impact the private insurance and reinsurance industry. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Current Outlook, Legislative and Regulatory Update" for further information regarding recent legislative and regulatory proposals.

The potential for further expansion into additional insurance markets could expose us or our subsidiaries to increasing regulatory oversight, including the oversight of countries other than Bermuda and the U.S. However, we intend to continue to conduct our operations so as to minimize the likelihood that Renaissance Reinsurance, DaVinci, Top Layer Re, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S., Upsilon RFO, or any of our other Bermudian subsidiaries will become subject to direct U.S. regulation.

Bermuda Regulation

All Bermuda companies must comply with the provisions of the Companies Act 1981. In addition, the Insurance Act 1978 and related regulations (collectively, the "Insurance Act"), regulate the business of our Bermuda insurance, reinsurance and management company subsidiaries.

As a holding company, RenaissanceRe is not currently subject to the Insurance Act. However, the Insurance Act regulates the insurance and reinsurance business of our operating insurance companies. RenaissanceRe's most significant operating subsidiaries include Renaissance Reinsurance and DaVinci which are registered as Class 4 general business insurers, RenaissanceRe Specialty Risks and RenaissanceRe Specialty U.S. which are registered as Class 3B general business insurers, and Top Layer Re which is registered as a Class 3A general business insurer under the Insurance Act. RenaissanceRe also has operating subsidiaries registered as SPIs under the Insurance Act, including most recently, Upsilon RFO. RUM and RenaissanceRe Underwriting Management Ltd. are each registered as insurance managers under the Insurance Act.

The Insurance Act imposes solvency and liquidity standards as well as auditing and reporting requirements and confers on the Bermuda Monetary Authority (the "BMA") powers to supervise, investigate and intervene in the affairs of insurance companies. Significant requirements of the Insurance Act include the appointment of an independent auditor and loss reserve specialist (both of whom must be approved by the BMA), the filing of an annual financial return and provisions relating to the payment of distributions and dividends. In particular:

- Each Class 3A, Class 3B and Class 4 general business insurer is required to submit annual statutory financial statements as part of its statutory financial return no later than four months after the insurer's financial year end (unless specifically extended). The annual statutory financial statements give detailed information and analyses regarding premiums, claims, reinsurance, reserves and investments. The statutory financial return includes, among other items: a report of the approved independent auditor on the statutory financial statements; a declaration of statutory ratios; a solvency certificate; the statutory financial statements themselves; the opinion of the approved loss reserve specialist; and details concerning ceded reinsurance.
- In addition to preparing statutory financial statements, all Class 3A, Class 3B and Class 4 insurers must prepare financial statements in respect of their insurance business in accordance with GAAP, International Financial Reporting Standards ("IFRS") or other acceptable accounting standards.
- A general business insurer's statutory assets must exceed its statutory liabilities by an amount, equal to or greater than the prescribed minimum solvency margin, which varies with the category of its registration and net premiums written and loss reserves posted ("Minimum Solvency Margin"). The Minimum Solvency Margin that must be maintained by a Class 4 insurer is the greater of (i) $100.0 million, or (ii) 50% of net premiums written (with a credit for reinsurance ceded not exceeding 25% of gross premiums) or (iii) 15% of net aggregate loss and loss expense provisions and other insurance reserves. The Minimum Solvency Margin for a Class 3A or Class 3B insurer is the greater of (i) $1.0 million, or (ii) 20% of the first $6.0 million of net premiums written; if in excess of $6.0 million, the figure is $1.2 million plus 15% of net premiums written in excess of $6.0 million, or (iii) 15% of net aggregate loss and loss expense provisions and other insurance reserves.
- In addition, each Class 3A, Class 3B and Class 4 insurer must maintain its capital at a level equal to its enhanced capital requirement ("ECR") which is established by reference to the Bermuda Solvency Capital Requirement ("BSCR") model. Alternatively, under the Insurance Act, insurers may, subject to the terms of the Insurance Act and to the BMA's oversight, elect to utilize an approved internal capital model to determine regulatory capital. In either case, the ECR shall at all times equal or exceed the respective Class 3A, Class 3B and Class 4 insurer's Minimum Solvency Margin and may be adjusted in circumstances where the BMA concludes that the insurer's risk profile deviates significantly from the assumptions underlying its ECR or the insurer's assessment of its risk management policies and practices used to calculate the ECR applicable to it. While not specifically referred to in the Insurance Act, the BMA has also established a target capital level ("TCL") for each Class 3A, Class 3B and Class 4 insurer equal to 120% of the respective ECR. While a Class 3A, Class 3B and Class 4 insurer is not currently required to maintain its statutory capital and surplus at this level, the TCL serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased BMA regulatory oversight.
- An insurer engaged in general business is required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities ("Minimum Liquidity Ratio").
- Class 3A, Class 3B and Class 4 insurers are prohibited from declaring or paying any dividends if in breach of the required Minimum Solvency Margin or Minimum Liquidity Ratio (the "Relevant Margins") or if the declaration or payment of such dividend would cause the insurer to fail to meet the Relevant Margins. Further, Class 3B and Class 4 insurers are prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet) unless it files (at least seven days before payment of such dividends) with the BMA an affidavit stating that it will continue to meet its Relevant Margins. Class 3A, Class 3B and Class 4 insurers must obtain the BMA's prior approval for a reduction by 15% or more of the total statutory capital as set forth in its previous year's financial statements. These restrictions on declaring or paying dividends and distributions under the Insurance Act are in addition to the solvency requirements under the

Companies Act which apply to all Bermuda companies.

Unlike other (re)insurers, SPIs are fully funded to meet their (re)insurance obligations and are not exposed to insolvency, therefore the application and supervision processes are streamlined to facilitate the transparent structure. Further, SPIs are currently not required to file annual loss reserve specialist opinions and the BMA has the discretion to modify such insurer's accounting requirements under the Insurance Act. Like other (re)insurers, the principal representative of an SPI has a duty to inform the BMA in relation to solvency matters, where applicable. In December 2013, the BMA issued a notice in which it proposed to amend the statutory reporting requirements for SPIs. Under this notice, the BMA will likely require SPIs to submit additional schedules together with the existing statutory financial return. These enhanced filing requirements have not yet been finalized by the BMA.

- The BMA maintains supervision over the controllers (as defined herein) of all Bermuda registered insurers. Currently, the Insurance Act states that no person shall become a controller of any description of a registered insurer unless the BMA has been served notice in writing stating that the person intends to become such a controller. A controller includes the managing director and chief executive of the registered insurer or its parent company; a 10%, 20%, 33% or 50% shareholder controller; and any person in accordance with whose directions or instructions the directors of the registered insurer or of its parent company are accustomed to act. In addition, all Bermuda insurers are also required to give the BMA written notice of the fact that a person has become, or ceased to be, a controller or officer of the registered insurer within 45 days of becoming aware of such fact. An officer in relation to a registered insurer includes a director, secretary, chief executive or senior executive by whatever name called.

- All registered insurers are required to give the BMA 14 days' notice of certain matters that are likely to be of material significance (each a "Material Change") to the BMA in carrying out its supervisory function under the Insurance Act.

- All Bermuda insurers are required to comply with the BMA's Insurance Code of Conduct which establishes duties, requirements and standards to be complied with to ensure each insurer implements sound corporate governance, risk management and internal controls. Failure to comply with these requirements will be a factor taken into account by the BMA in determining whether an insurer is conducting its business in a sound and prudent manner under the Insurance Act.

- Pursuant to the Insurance Act, the BMA acts as the group supervisor of the RenaissanceRe group of companies (the "RenaissanceRe Group") and it has designated Renaissance Reinsurance to be the "designated insurer" in respect of the RenaissanceRe Group. The designated insurer is required to ensure that the RenaissanceRe Group complies with the provisions of the Insurance Act pertaining to groups and all related group solvency and group supervision rules (together, the "Group Rules"). Under the Group Rules, the RenaissanceRe Group is required to annually prepare and submit to the BMA group GAAP financial statements, group statutory financial statements, a group statutory financial return and a group capital and solvency return. Further, our Board of Directors has established solvency self assessment procedures for the RenaissanceRe Group that factor in all foreseeable material risks; Renaissance Reinsurance must ensure that the RenaissanceRe Group's assets exceed the amount of the RenaissanceRe Group's liabilities by the aggregate minimum margin of solvency of each qualifying member; and our Board of Directors has established and effectively implements corporate governance policies and procedures designed to ensure they support the overall organizational strategy of the RenaissanceRe Group. In addition, the RenaissanceRe Group is required to prepare and submit a quarterly financial return comprising unaudited consolidated group financial statements, a schedule of intra-group transactions and a schedule of risk concentrations.

- The BMA has certain powers of investigation and intervention relating to insurers and their holding companies, subsidiaries and other affiliates, which it may exercise in the interest of such insurer's policyholders or if there is any risk of insolvency or of a breach of the Insurance Act or the insurer's license conditions.

- Under the provisions of the Insurance Act, the BMA may, from time to time, conduct "on site" visits at the offices of insurers it regulates. Over the past several years, the BMA has conducted several "on site" reviews in respect of our Bermuda-domiciled operating insurers. No remedial actions were communicated to us as a result of any of the on-site reviews to date.

• The BMA may cancel an insurer's registration on certain grounds specified in the Insurance Act.

The BMA has indicated that it will remain committed to the regulatory equivalence process in relation to Solvency II for Bermuda's commercial insurance sector. However, the BMA has noted that its overall adoption of progressive, risk-based supervision will go beyond this single regulatory initiative. The BMA has expressed its desire to implement changes to Bermuda's regulatory regime on a schedule that enables Bermuda's (re)insurers to transition to enhanced requirements on a phased basis where appropriate.

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by us or by our shareholders in respect of our shares. We have obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 31, 2035, be applicable to us or to any of our operations or to our shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda.

U.K. Regulation

Lloyd's Regulation

General. The operations of RSML are subject to oversight by Lloyd's, substantially effected through the Lloyd's Franchise Board, which was formally constituted on January 1, 2003. The Franchise Board establishes guidelines and operates a business planning and monitoring process for all Lloyd's syndicates. RSML's business plan for Syndicate 1458 requires annual approval by the Lloyd's Franchise Board including maximum underwriting capacity. The Lloyd's Franchise Board may require changes to any business plan presented to it or additional capital to be provided to support the underwriting plan. Lloyd's also imposes various charges and assessments on its members. If material changes in the business plan for Syndicate 1458 were required by the Lloyd's Franchise Board, or if charges and assessments payable to Lloyd's by RenaissanceRe CCL were to increase significantly, these events could have an adverse effect on the operations and financial results of RSML. The Company has deposited certain assets with Lloyd's to support RenaissanceRe CCL's underwriting business at Lloyd's. Dividends from a Lloyd's managing agent and a Lloyd's corporate member can be declared and paid provided the relevant company has sufficient profits available for distribution.

By entering into a membership agreement with Lloyd's, RenaissanceRe CCL has undertaken to comply with all Lloyd's bye-laws and regulations as well as the provisions of the Lloyd's Acts and the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012 (the "FSMA"), in particular that are applicable to it.

Capital Requirements. Capital is supplied on the basis of an annual venture, with continuing support from capital providers and the members of Lloyd's, and requires affirmation each year. The underwriting capacity of a member of Lloyd's must be supported by providing a deposit (referred to as "Funds at Lloyd's") in the form of cash, securities or letters of credit in an amount determined under the capital adequacy regime of the U.K.'s Prudential Regulation Authority (the "PRA"). The amount of such deposit is calculated for each member through the completion of an annual capital adequacy exercise. Under these requirements, Lloyd's must demonstrate that each member has sufficient assets to meet its underwriting liabilities plus a required solvency margin.

Restrictions. A Reinsurance to Close ("RITC") generally is put in place after the third year of operations of a syndicate year of account. On successful conclusion of a RITC, any profit from the syndicate's operations for that year of account can be remitted by the managing agent to the syndicate's members. If the syndicate's managing agency concludes that an appropriate RITC cannot be determined or negotiated on commercially acceptable terms in respect of a particular underwriting year, it must determine that the underwriting year remain open and be placed into run-off. During this period, there cannot be a release of the Funds at Lloyd's of a member of that syndicate without the consent of Lloyd's and such consent will only be considered where the member has surplus Funds at Lloyd's over and above the capital requirement.

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The financial security of the Lloyd's market is regularly assessed by three independent rating agencies (A.M. Best, S&P and Fitch). A satisfactory credit rating issued by an accredited rating agency is necessary for Lloyd's syndicates to be able to trade in certain classes of business at current levels. RSML and RenaissanceRe CCL would be adversely affected if Lloyd's current ratings were downgraded.

Intervention Powers. The Council of Lloyd's has wide discretionary powers to regulate members' underwriting at Lloyd's. It may, for instance, change the basis on which syndicate expenses are allocated or vary the Funds at Lloyd's requirements or the investment criteria applicable to the provision of Funds at Lloyd's. Exercising any of these powers might affect the return on the corporate member's participation in a given underwriting year. If a member of Lloyd's is unable to pay its debts to policyholders, the member may obtain financial assistance from the Lloyd's Central Fund, which in many respects acts as an equivalent to a state guaranty fund in the U.S. If Lloyd's determines that the Central Fund needs to be increased, it has the power to assess premium levies on current Lloyd's members. The Council of Lloyd's has discretion to call or assess up to 3% of a member's underwriting capacity in any one year as a Central Fund contribution.

PRA and FCA Regulation

The PRA currently has ultimate responsibility for the prudential supervision of the Lloyd's market and the Financial Conduct Authority (the "FCA") has responsibility for market conduct regulation. Both the PRA and FCA have substantial powers of intervention in relation to Lloyd's managing agents, such as RSML, including the power to remove an agent's authorization to manage Lloyd's syndicates. In addition, each year the PRA requires Lloyd's to satisfy an annual solvency test which measures whether Lloyd's has sufficient assets in the aggregate to meet all outstanding liabilities of its members, both current and run-off. If Lloyd's fails this test, the PRA may require the entire Lloyd's market to cease underwriting or individual Lloyd's members may be required to cease or reduce their underwriting.

Lloyd's as a whole is authorized by the PRA and regulated by both the FCA and the PRA. Lloyd's is required to implement certain rules prescribed by the PRA and by the FCA; such rules are to be implemented by Lloyd's pursuant to its powers under the Lloyd's Act 1982 relating to the operation of the Lloyd's market. Lloyd's prescribes, in respect of its managing agents and corporate members, certain minimum standards relating to their management and control, solvency and various other requirements. The PRA and the FCA directly monitor Lloyd's managing agents' compliance with the systems and controls prescribed by Lloyd's. If it appears to either the PRA or the FCA that either Lloyd's is not fulfilling its delegated regulatory responsibilities or that managing agents are not complying with the applicable regulatory rules and guidance, the PRA or the FCA may intervene at their discretion. Future regulatory changes or rulings by the PRA or FCA could impact RSML's business strategy or financial assumptions, possibly resulting in an adverse effect on RSML's financial condition and operating results.

Change of Control. The PRA and the FCA currently regulate the acquisition of control of any Lloyd's managing agent which is authorized under the FSMA. Any company or individual that, together with its or his associates, directly or indirectly acquires 10% or more of the shares in a Lloyd's managing agent or its parent company, or is entitled to exercise or control the exercise of 10% or more of the voting power in such Lloyd's managing agent or its parent company, would be considered to have acquired control for the purposes of the relevant legislation, as would a person who had significant influence over the management of such Lloyd's managing agent or its parent company by virtue of his shareholding or voting power in either. A purchaser of 10% or more RenaissanceRe Common Shares or voting power would therefore be considered to have acquired control of RSML. Under the FSMA, any person or entity proposing to acquire control over a Lloyd's managing agent must give prior notification to the PRA and the FCA of his or the entity's intention to do so. The PRA and FCA would then have 60 working days to consider the application to acquire control. Failure to make the relevant prior application could result in action being taken against RSML by the PRA or the FCA or both of them. Lloyd's approval is also required before any person can acquire control (using the same definition as for the PRA and FCA) of a Lloyd's managing agent or Lloyd's corporate member.

Other Applicable Laws. Lloyd's worldwide insurance and reinsurance business is subject to various regulations, laws, treaties and other applicable policies of the EU, as well as of each nation, state and locality in which it operates.

Material changes in governmental requirements and laws could have an adverse effect on Lloyd's and its member companies, including RSML and RenaissanceRe CCL.

Solvency II

Solvency II was adopted by the European Parliament in April of 2009. The timing for the implementation of Solvency II in European Member States by the European Commission ("EC"), previously scheduled for January 1, 2014, was delayed to the extent that a start date for full implementation of Solvency II of January 1, 2016 became increasingly likely and with the passing of the Omnibus II Directive by the European Parliament in 2014, that implementation date was confirmed. Since early 2014, the Lloyd's Solvency II implementation plans have been designed to facilitate a January 1, 2016 implementation date. Upon its adoption, Solvency II will replace the current solvency requirements and implement a risk-based approach to insurance regulation. Its principal goals are to improve the correlation between capital and risk, effect group supervision of insurance and reinsurance affiliates, implement a uniform capital adequacy structure for (re)insurers across the EU Member States, establish consistent corporate governance standards for insurance and reinsurance companies, and establish transparency through standard reporting of insurance operations. Under Solvency II, an insurer's or reinsurer's capital adequacy in relation to various insurance and business risks may be measured with an internal model developed by the insurer or reinsurer and approved for use by the Member State's regulator or pursuant to a standard formula developed by the EC. Lloyd's requires all managing agents to develop internal models for the syndicate they manage. The 2015 capital requirement for Syndicate 1458 was based on RSML's internal model in line with this process. We continue to monitor the ongoing legislative and regulatory steps in relation to the adoption of Solvency II.

Singapore Regulation

Branches of Renaissance Reinsurance and DaVinci based in the Republic of Singapore (the "Singapore Branches") have each received a license to carry on insurance business as a general reinsurer. The activities of the Singapore Branches are primarily regulated by the Monetary Authority of Singapore pursuant to Singapore's Insurance Act. Additionally, the Singapore Branches are each regulated by the Accounting and Corporate Regulatory Authority (the "ACRA") as a foreign company pursuant to Singapore's Companies Act. Prior to the establishment of the Singapore Branches, Renaissance Reinsurance had maintained a representative office in Singapore commencing April 2012. The activities and regulatory requirements of the Singapore Branches are not considered to be material to the Company.

Renaissance Services of Asia Pte. Ltd., our Singapore-based service company, was established as a private company limited by shares in Singapore on March 15, 2012 and is registered with the ACRA and subject to Singapore's Companies Act.

ENVIRONMENTAL AND CLIMATE CHANGE MATTERS

Our principal coverages and services relate to natural disasters and catastrophes, such as earthquakes and hurricanes. We believe, and believe the consensus view of current scientific studies substantiates, that changes in climate conditions, primarily global temperatures and expected sea levels are likely to increase the severity, and possibly the frequency, of weather related natural disasters and catastrophes relative to the historical experience over the past 100 years. Coupled with currently projected demographic trends in catastrophe-exposed regions, we currently estimate that this expected increase in severe weather, such as tropical cyclone intensity, over coming periods will increase the average economic value of expected losses, increase the number of people exposed per year to natural disasters and in general exacerbate disaster risk, including risks to infrastructure, global supply chains and agricultural production. Accordingly, we currently estimate that these trends will increase the risk of claims arising from our property and casualty lines of business, particularly with respect to properties located in coastal areas, among others. While a substantial portion of our coverages may be adversely impacted by climate change, we have taken certain measures, to the extent permissible by law and prevailing market conditions, to mitigate against such losses by giving consideration to these risks in our underwriting decisions. We seek to continuously monitor and adjust, as we believe appropriate, our risk management models to reflect our judgment of how to interpret current developments and information such as the studies referred to above. However, it is possible that, even after these assessments, we will have underestimated the frequency or severity of tropical cyclones or of other catastrophes. To the extent broad environmental factors, exacerbated by climate change or otherwise, lead to increases in insured losses, particularly if those losses exceed expectations and the prior estimates of market participants, regulators or other stakeholders, the markets and clients we serve may be disrupted and adversely impacted, and we may be

adversely affected, directly or indirectly. Further, certain of our investments such as catastrophe-linked securities and property catastrophe managed joint ventures related to hurricane coverage, could also be adversely impacted by climate change.

An increasing number of federal, state, local and foreign government requirements and international agreements apply to environmental and climate change, in particular by seeking to limit or penalize the discharge of materials such as greenhouse gas (“GHG”) into the environment or otherwise relating to the protection of the environment. Although our operations are characterized by a small number of professional office facilities, and we have not been directly, materially impacted by these changes to date, it is our policy to monitor and seek to ensure compliance with these requirements, as applicable. We believe that, as a general matter, our policies, practices and procedures are properly designed to identify and manage environmental and climate-related risks, particularly the risks of potential financial liability in connection with our reinsurance, insurance and trading businesses. However, we believe that some risk of environmental damage is inherent in respect of any commercial operation, and may increase for us if our business continues to expand and diversify by business we write or investments we make. Certain of our investments may also be adversely affected by climate change and increased governmental regulation of, or international agreements pertaining to, GHG emissions. Moreover, our evaluation may be flawed or may reflect inaccurate or incomplete information, and it is possible our exposure to climate change or other environmental risks is greater than we have currently estimated.

At this time, we do not believe that any existing or currently pending climate change legislation, regulation, or international treaty or accord known to us would be reasonably likely to have a material effect in the foreseeable future on our business or on our results of operations, capital expenditures or financial position. However, it is possible that future developments, such as increasingly strict environmental laws and standards and enforcement policies, could give rise to more severe exposure, more costly compliance requirements, or otherwise bring into question our current policies and practices. In addition, it is possible that state insurance regulation could impact the ability of our insurance and reinsurance customers, or of the Company, to manage property exposures in areas vulnerable to significant climate-driven losses. For example, if our insurance and reinsurance customers or operations are unable to utilize actuarially sound, risk-based pricing, to modify policy terms if necessary to reflect changes in the underlying risks, or to otherwise manage exposures appropriately to reflect the risk of increased loss from both large scale natural catastrophes and smaller scale weather events, our markets, customers, or our own financial results may all be adversely affected. We will continue to monitor emerging developments in this area.

GLOSSARY OF SELECTED INSURANCE AND REINSURANCE TERMS

Accident year	Year of occurrence of a loss. Claim payments and reserves for claims and claim expenses are allocated to the year in which the loss occurred for losses occurring contracts and in the year the loss was reported for claims made contracts.
Acquisition expenses	The aggregate expenses incurred by a company for acquiring new business, including commissions, underwriting expenses, premium taxes and administrative expenses.
Additional case reserves	Additional case reserves represent management’s estimate of reserves for claims and claim expenses that are allocated to specific contracts, less paid and reported losses by the client.
Attachment point	The dollar amount of loss (per occurrence or in the aggregate, as the case may be) above which excess of loss reinsurance becomes operative.
Bordereau	A report providing premium or loss data with respect to identified specific risks. This report is periodically furnished to a reinsurer by the ceding insurers or reinsurers.
Bound	A (re)insurance policy is considered bound, and the (re)insurer responsible for the risks of the policy, when both parties agree to the terms and conditions set forth in the policy.

Broker	An intermediary who negotiates contracts of insurance or reinsurance, receiving a commission for placement and other services rendered, between (1) a policy holder and a primary insurer, on behalf of the insured party, (2) a primary insurer and reinsurer, on behalf of the primary insurer, or (3) a reinsurer and a retrocessionaire, on behalf of the reinsurer.
Capacity	The percentage of surplus, or the dollar amount of exposure, that an insurer or reinsurer is willing or able to place at risk. Capacity may apply to a single risk, a program, a line of business or an entire book of business. Capacity may be constrained by legal restrictions, corporate restrictions or indirect restrictions.
Case reserves	Loss reserves, established with respect to specific, individual reported claims.
Casualty insurance or reinsurance	Insurance or reinsurance that is primarily concerned with the losses caused by injuries to third persons and their property (in other words, persons other than the policyholder) and the legal liability imposed on the insured resulting therefrom. Also referred to as liability insurance.
Catastrophe	A severe loss, typically involving multiple claimants. Common perils include earthquakes, hurricanes, hailstorms, severe winter weather, floods, fires, tornadoes, explosions and other natural or man-made disasters. Catastrophe losses may also arise from acts of war, acts of terrorism and political instability.
Catastrophe excess of loss reinsurance	A form of excess of loss reinsurance that, subject to a specified limit, indemnifies the ceding company for the amount of loss in excess of a specified retention with respect to an accumulation of losses resulting from a “catastrophe.”
Catastrophe-linked securities; cat-linked securities	Cat-linked securities are generally privately placed fixed income securities where all or a portion of the repayment of the principal is linked to catastrophic events. This includes securities where the repayment is linked to the occurrence and/or size of, for example, one or more hurricanes or earthquakes, or insured industry losses associated with these catastrophic events.
Cede; cedant; ceding company	When a party reinsures its liability with another, it “cedes” business and is referred to as the “cedant” or “ceding company.”
Claim	Request by an insured or reinsured for indemnification by an insurance company or a reinsurance company for losses incurred from an insured peril or event.
Claims made contracts	Contracts that cover claims for losses occurring during a specified period that are reported during the term of the contract.
Claims and claim expense ratio, net	The ratio of net claims and claim expenses to net premiums earned determined in accordance with either statutory accounting principles or GAAP.
Claim reserves	Liabilities established by insurers and reinsurers to reflect the estimated costs of claim payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance policies it has issued. Claims reserves consist of case reserves, established with respect to individual reported claims, additional case reserves and “IBNR” reserves. For reinsurers, loss expense reserves are generally not significant because substantially all of the loss expenses associated with particular claims are incurred by the primary insurer and reported to reinsurers as losses.

Combined ratio	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.
Decadal	Refers to events occurring over a 10-year period, such as an oscillation whose period is roughly 10 years.
Delegated authority	A contractual arrangement between an insurer or reinsurer and an agent whereby the agent is authorized to bind insurance or reinsurance on behalf of the insurer or reinsurer. The authority is normally limited to a particular class or classes of business and a particular territory. The exercise of the authority to bind insurance or reinsurance is normally subject to underwriting guidelines and other restrictions such as maximum premium income. Under the delegated authority the agent is responsible for the issuing of policy documentation, the collection of premium and may also be responsible for the settlement of claims.
Excess and surplus lines reinsurance	Any type of coverage that cannot be placed with an insurer admitted to do business in a certain jurisdiction. Risks placed in excess and surplus lines markets are often substandard in respect to adverse loss experience, unusual, or unable to be placed in conventional markets due to a shortage of capacity.
Excess of loss	Reinsurance or insurance that indemnifies the reinsured or insured against all or a specified portion of losses on underlying insurance policies in excess of a specified amount, which is called a “level” or “retention.” Also known as non-proportional reinsurance. Excess of loss reinsurance is written in layers. A reinsurer or group of reinsurers accepts a layer of coverage up to a specified amount. The total coverage purchased by the cedant is referred to as a “program” and will typically be placed with predetermined reinsurers in pre-negotiated layers. Any liability exceeding the outer limit of the program reverts to the ceding company, which also bears the credit risk of a reinsurer’s insolvency.
Exclusions	Those risks, perils, or classes of insurance with respect to which the reinsurer will not pay loss or provide reinsurance, notwithstanding the other terms and conditions of reinsurance.
Expense override	An amount paid to a ceding company in addition to the acquisition cost to compensate for overhead expenses.
Frequency	The number of claims occurring during a given coverage period.
Funds at Lloyd’s	Funds of an approved form that are lodged and held in trust at Lloyd’s as security for a member’s underwriting activities. They comprise the members’ deposit, personal reserve fund and special reserve fund and may be drawn down in the event that the member’s syndicate level premium trust funds are insufficient to cover its liabilities. The amount of the deposit is related to the member’s premium income limit and also the nature of the underwriting account.
Generally Accepted Accounting Principles in the United States (“GAAP”)	Accounting principles as set forth in opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or statements of the Financial Accounting Standards Board (“FASB”) and/or their respective successors and which are applicable in the circumstances as of the date in question.
Gross premiums written	Total premiums for insurance written and assumed reinsurance during a given period.

Incurred but not reported ("IBNR")	Reserves for estimated losses that have been incurred by insureds and reinsureds but not yet reported to the insurer or reinsurer, including unknown future developments on losses that are known to the insurer or reinsurer.
Insurance-linked securities	Financial instruments whose values are driven by (re)insurance loss events. For the Company, insurance-linked securities are generally linked to property losses due to natural catastrophes.
International Financial Reporting Standards ("IFRS")	Accounting principles, standards and interpretations as set forth in opinions of the International Accounting Standards Board which are applicable in the circumstances as of the date in question.
Layer	The interval between the retention or attachment point and the maximum limit of indemnity for which a reinsurer is responsible.
Line	The amount of excess of loss reinsurance protection provided to an insurer or another reinsurer, often referred to as limit.
Line of business	The general classification of insurance written by insurers and reinsurers, e.g., fire, allied lines, homeowners and surety, among others.
Lloyd's	Depending on the context, this term may refer to (a) the society of individual and corporate underwriting members that insure and reinsure risks as members of one or more syndicates (i.e., Lloyd's is not an insurance company); (b) the underwriting room in the Lloyd's building in which managing agents underwrite insurance and reinsurance on behalf of their syndicate members (in this sense Lloyd's should be understood as a market place); or (c) the Corporation of Lloyd's which regulates and provides support services to the Lloyd's market.
Loss; losses	An occurrence that is the basis for submission and/or payment of a claim. Whether losses are covered, limited or excluded from coverage is dependent on the terms of the policy.
Loss reserve	For an individual loss, an estimate of the amount the insurer expects to pay for the reported claim. For total losses, estimates of expected payments for reported and unreported claims. These may include amounts for claims expenses.
Managing agent	An underwriting agent which has permission from Lloyd's to manage a syndicate and carry on underwriting and other functions for a member.
Net claims and claim expenses	The expenses of settling claims, net of recoveries, including legal and other fees and the portion of general expenses allocated to claim settlement costs (also known as claim adjustment expenses or loss adjustment expenses) plus losses incurred with respect to net claims.
Net claims and claim expense ratio	Net claims and claim expenses incurred expressed as a percentage of net earned premiums.
Net premiums earned	The portion of net premiums written during or prior to a given period that was actually recognized as income during such period.
Net premiums written	Gross premiums written for a given period less premiums ceded to reinsurers and retrocessionaires during such period.
Non-proportional reinsurance	See "Excess of loss."

Perils	This term refers to the causes of possible loss in the property field, such as fire, windstorm, collision, hail, etc. In the casualty field, the term “hazard” is more frequently used.
Profit commission	A provision found in some reinsurance agreements that provides for profit sharing. Parties agree to a formula for calculating profit, an allowance for the reinsurer’s expenses, and the cedant’s share of such profit after expenses.
Property insurance or reinsurance	Insurance or reinsurance that provides coverage to a person with an insurable interest in tangible property for that person’s property loss, damage or loss of use.
Property per risk	Reinsurance on a treaty basis of individual property risks insured by a ceding company.
Proportional reinsurance	A generic term describing all forms of reinsurance in which the reinsurer shares a proportional part of the original premiums and losses of the reinsured. (Also known as pro rata reinsurance, quota share reinsurance or participating reinsurance.) In proportional reinsurance, the reinsurer generally pays the ceding company a ceding commission. The ceding commission generally is based on the ceding company’s cost of acquiring the business being reinsured (including commissions, premium taxes, assessments and miscellaneous administrative expense) and also may include a profit factor. See also “Quota Share Reinsurance”.
Quota share reinsurance	A form of proportional reinsurance in which the reinsurer assumes an agreed percentage of each insurance policy being reinsured and shares all premiums and losses according with the reinsured. See also “Proportional Reinsurance”.
Reinstatement premium	The premium charged for the restoration of the reinsurance limit of a catastrophe contract to its full amount after payment by the reinsurer of losses as a result of an occurrence.
Reinsurance	An arrangement in which an insurance company, the reinsurer, agrees to indemnify another insurance or reinsurance company, the ceding company, against all or a portion of the insurance or reinsurance risks underwritten by the ceding company under one or more policies. Reinsurance can provide a ceding company with several benefits, including a reduction in net liability on insurances and catastrophe protection from large or multiple losses. Reinsurance also provides a ceding company with additional underwriting capacity by permitting it to accept larger risks and write more business than would be possible without an equivalent increase in capital and surplus, and facilitates the maintenance of acceptable financial ratios by the ceding company. Reinsurance does not legally discharge the primary insurer from its liability with respect to its obligations to the insured.
Reinsurance to Close	Also referred to as a RITC, it is a contract to transfer the responsibility for discharging all the liabilities that attach to one year of account of a syndicate into a later year of account of the same or different syndicate in return for a premium.
Retention	The amount or portion of risk that an insurer retains for its own account. Losses in excess of the retention level are paid by the reinsurer. In proportional treaties, the retention may be a percentage of the original policy’s limit. In excess of loss business, the retention is a dollar amount of loss, a loss ratio or a percentage.
Retrocedant	A reinsurer who cedes all or a portion of its assumed insurance to another reinsurer.

Retrocessional reinsurance; Retrocessionaire	A transaction whereby a reinsurer cedes to another reinsurer, the retrocessionaire, all or part of the reinsurance that the first reinsurer has assumed. Retrocessional reinsurance does not legally discharge the ceding reinsurer from its liability with respect to its obligations to the reinsured. Reinsurance companies cede risks to retrocessionaires for reasons similar to those that cause primary insurers to purchase reinsurance: to reduce net liability on insurances, to protect against catastrophic losses, to stabilize financial ratios and to obtain additional underwriting capacity.
Risks	A term used to denote the physical units of property at risk or the object of insurance protection that are not perils or hazards. Also defined as chance of loss or uncertainty of loss.
Risks attaching contracts	Contracts that cover claims that arise on underlying insurance policies that incept during the term of the reinsurance contract.
Solvency II	A proposed set of regulatory requirements that would codify and harmonize the EU insurance and reinsurance regulation. Among other things, these requirements would impact the amount of capital that EU insurance and reinsurance companies would be required to hold. Solvency II was scheduled to come into effect on January 1, 2014, however this is expected to be delayed until at least January 1, 2016.
Specialty lines	Lines of insurance and reinsurance that provide coverage for risks that are often unusual or difficult to place and do not fit the underwriting criteria of standard commercial products carriers.
Statutory accounting principles	Recording transactions and preparing financial statements in accordance with the rules and procedures prescribed or permitted by Bermuda, U.S. state insurance regulatory authorities including the NAIC and/or in accordance with Lloyd’s specific principles, all of which generally reflect a liquidating, rather than going concern, concept of accounting.
Stop loss	A form of reinsurance under which the reinsurer pays some or all of a cedant’s aggregate retained losses in excess of a predetermined dollar amount or in excess of a percentage of premium.
Submission	An unprocessed application for (i) insurance coverage forwarded to a primary insurer by a prospective policyholder or by a broker on behalf of such prospective policyholder, (ii) reinsurance coverage forwarded to a reinsurer by a prospective ceding insurer or by a broker or intermediary on behalf of such prospective ceding insurer or (iii) retrocessional coverage forwarded to a retrocessionaire by a prospective ceding reinsurer or by a broker or intermediary on behalf of such prospective ceding reinsurer.
Syndicate	A member or group of members underwriting (re)insurance business at Lloyd’s through the agency of a managing agent or substitute agent to which a syndicate number is assigned.
Treaty	A reinsurance agreement covering a book or class of business that is automatically accepted on a bulk basis by a reinsurer. A treaty contains common contract terms along with a specific risk definition, data on limit and retention, and provisions for premium and duration.
Underwriting	The insurer’s or reinsurer’s process of reviewing applications submitted for insurance coverage, deciding whether to accept all or part of the coverage requested and determining the applicable premiums.

Underwriting capacity	The maximum amount that an insurance company can underwrite. The limit is generally determined by a company's retained earnings and investment capital. Reinsurance serves to increase a company's underwriting capacity by reducing its exposure from particular risks.
Underwriting expense ratio	The ratio of the sum of the acquisition expenses and operational expenses to net premiums earned.
Underwriting expenses	The aggregate of policy acquisition costs, including commissions, and the portion of administrative, general and other expenses attributable to underwriting operations.
Unearned premium	The portion of premiums written representing the unexpired portions of the policies or contracts that the insurer or reinsurer has on its books as of a certain date.

AVAILABLE INFORMATION

We maintain a website at http://www.renre.com. The information on our website is not incorporated by reference in this Form 10-K.

We make available, free of charge through our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. We also make available, free of charge from our website, our Audit Committee Charter, Compensation and Corporate Governance Committee Charter, Corporate Governance Guidelines, and Code of Ethics. Such information is also available in print for any shareholder who sends a request to RenaissanceRe Holdings Ltd., Attn: Office of the Corporate Secretary, P.O. Box HM 2527, Hamilton, HMGX, Bermuda. Reports filed with the SEC may also be viewed or obtained at the SEC Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the SEC Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC. The address of the SEC's website is http://www.sec.gov.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in the forward-looking statements contained in this Form 10-K and other documents we file with the SEC include the following:

Risks Related to Our Company

Our exposure to catastrophic events and other exposures that we cover could cause our financial results to vary significantly from one period to the next.

Our largest product based on total gross premiums written is property catastrophe reinsurance. We also sell lines of specialty reinsurance products and insurance products that are exposed to catastrophe risk. We therefore have a large overall exposure to natural and man-made disasters, such as earthquakes, hurricanes, tsunamis, winter storms, freezes, floods, fires, tornadoes, hailstorms, drought and other natural or man-made disasters, such as acts of terrorism. As a result, our operating results have historically been, and we expect will continue to be, significantly affected by loss events of low frequency and high severity.

We expect claims from catastrophic events to cause substantial volatility in our financial results for any fiscal quarter or year; moreover, catastrophic claims could adversely affect our financial condition, results of operations and cash flows. Our ability to write new business could also be affected. We believe that factors including increases in the value and geographic concentration of insured property, particularly along coastal regions, the increasing risk of extreme weather events reflecting changes in climate, ocean temperatures and sea levels, and the effects of inflation may continue to increase the severity of claims from catastrophic events in the future.

From time to time, we expect to have greater exposures in one or more specific geographic areas than our overall share of the worldwide market would otherwise suggest. Accordingly, when and if catastrophes occur in these areas, we may experience relatively more severe net negative impacts from such events than our competitors. In particular, we have historically had a relatively large percentage of our coverage exposures concentrated in the U.S. southeast, and may develop other significant exposures in catastrophe-exposed zones in the future.

Our claims and claim expense reserves are subject to inherent uncertainties.

Our claims and claim expense reserves reflect our estimates, using actuarial and statistical projections at a given point in time, of our expectations of the ultimate settlement and administration costs of claims incurred. Although we use actuarial and computer models as well as historical reinsurance and insurance industry loss statistics, we also rely heavily on management’s experience and judgment to assist in the establishment of appropriate claims and claim expense reserves. However, because of the many assumptions and estimates involved in establishing reserves, the reserving process is inherently uncertain. Our estimates and judgments are based on numerous factors, and may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed, as loss trends and claims inflation impact future payments, or as current laws or interpretations thereof change.

Our specialty reinsurance operations are expected to produce claims which at times can only be resolved through lengthy and unpredictable litigation or other dispute resolution processes. The measures required to resolve such claims, including the adjudication process, present different and potentially more varied reserve challenges than property losses (which, on the whole, tend to be reported comparatively more promptly and to be settled within a relatively shorter period of time, although every catastrophic event is comprised of a unique set of circumstances).

Actual net claims and claim expenses paid and reported may deviate, perhaps materially, from the reserve estimates reflected in our financial statements.

We expect that some of our assumptions or estimates will prove to be inaccurate, and that our actual net claims and claim expenses paid and reported will differ, perhaps materially, from the reserve estimates reflected in our financial statements. To the extent that our actual claims and claim expenses exceed our expectations, we would be required to increase claims and claim expense reserves. This would reduce our net income by a corresponding amount in the period in which the deficiency is identified. To the extent that our actual claims and claim expenses are lower than our expectations, we would be required to decrease claims and claim expense reserves and this would increase our net income.

Estimates of losses are based on, among other things, a review of potentially exposed contracts, information reported by and discussions with counterparties, and our estimate of losses related to those contracts and are subject to change as more information is reported and becomes available.

As an example, our estimates of losses from catastrophic events are based on factors including currently available information derived from claims information from certain customers and brokers, industry assessments of losses from the events, proprietary models, and the terms and conditions of our contracts. Due to the magnitude and unusual complexity of the legal and claims issues relating to these events, particularly Storm Sandy and the major earthquakes which occurred in 2011 and 2010, meaningful uncertainty remains regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying our loss estimates. In addition, actual losses from these events may increase if our reinsurers or other obligors fail to meet their obligations to us. Our actual losses from these events will likely vary, perhaps materially, from these current estimates due to the inherent uncertainties in reserving for such losses, including the nature of the available information, the potential inaccuracies and inadequacies in the data provided by customers and brokers, the potential lengthy claims development period, the inherent uncertainty of modeling techniques and the application of such techniques, the effects of any demand surge on claims activity and complex coverage and other legal issues.

As described in more detail herein, we have made substantial investments to develop proprietary analytic and modeling capabilities to facilitate our underwriting, risk management, capital modeling and allocation, and risk assessments relating to the risks we assume. See “Part I, Item 1. Business, Underwriting and Enterprise Risk

Management.” These models and other tools help us to manage our risks, understand our capital utilization and risk aggregation, inform management and other stakeholders of capital requirements and seek to improve the risk/return profile or optimize the efficiency of the amount of capital we apply to

cover the risks in the individual contracts we sell and in our portfolio as a whole. However, given the inherent uncertainty of modeling techniques and the application of such techniques, the possibility of human or systems error, the challenges inherent in consistent application of complex methodologies in a fluid business environment and other factors, our models, tools and databases may not accurately address the risks we currently cover or the emergence of new matters which might be deemed to impact certain of our coverages. Accordingly, our models may understate the exposures we are assuming and our results from operations and financial condition may be adversely impacted, perhaps significantly. Conversely, our models may prove too conservative and contribute to factors which would impede our ability to grow in respect of new markets or perils or in connection with our current portfolio of coverages. In general, our techniques for evaluating catastrophe risk are much better developed than those for other classes of risk in businesses that we have entered into more recently. Accordingly, these risks may increase if we succeed in closing the acquisition of Platinum, which in comparison to RenaissanceRe, writes a greater percentage of casualty coverage in relation to its total gross premiums written; or otherwise increase the contributions from our Specialty Reinsurance segment or from our Lloyd's segment, either on an absolute or relative basis.

A decline in the ratings assigned to our financial strength may adversely impact our business, perhaps materially so.

Third party rating agencies assess and rate the financial strength, claims-paying ability and enterprise-wide risk management of reinsurers and insurers, such as Renaissance Reinsurance, DaVinci, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S., Top Layer Re and certain of our other operating subsidiaries and joint ventures. These ratings are based upon criteria established by the rating agencies. Periodically, the rating agencies evaluate us and may downgrade or withdraw their financial strength ratings in the future if we do not continue to meet the criteria of the ratings previously assigned to us. The financial strength and claims-paying ratings assigned by rating agencies to reinsurance or insurance companies are based upon factors relevant to policyholders and are not directed toward the protection of investors.

These ratings are subject to periodic review and may be revised or revoked by the agencies which issue them. In addition, from time to time one or more rating agencies have effected changes in their capital models and rating methodologies, which have generally served to increase the amounts of capital required to support the ratings, and it is possible that legislation arising as a result of the financial crisis that preceded the recent period of economic uncertainty may result in additional changes. Negative ratings actions in the future could have an adverse effect on our ability to fully realize the market opportunities we currently expect to participate in. In addition, many reinsurance contracts contain provisions permitting cedants to cancel coverage pro rata if the reinsurer is downgraded below a certain rating level. Whether a client would exercise this right would depend, among other factors, on the reason for such a downgrade, the extent of the downgrade, the prevailing market conditions and the pricing and availability of replacement reinsurance coverage. Therefore, in the event of a downgrade, it is not possible to predict in advance the extent to which this cancellation right would be exercised, if at all, or what effect such cancellations would have on our financial condition or future operations, but such effect potentially could be material. To date, we are not aware that we have experienced such a cancellation.

Our ability to compete with other reinsurers and insurers, and our results of operations, could be materially adversely affected by any such ratings downgrade. For example, following a ratings downgrade we might lose customers to more highly rated competitors or retain a lower share of the business of our customers.

For the current ratings of certain of our subsidiaries and joint ventures, refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Ratings" for additional information.

The emergence of matters which may impact certain of our coverages, such as the asserted trend toward potentially significant climate change, could cause us to underestimate our exposures and potentially adversely impact our financial results, perhaps significantly.

We use analytic and modeling capabilities that help us to assess the risk and return of each reinsurance contract in relation to our overall portfolio of reinsurance contracts. See "Part I, Item 1. Business, Underwriting and Enterprise Risk Management."

We believe, and believe the consensus view of current scientific studies substantiates, that changes in climate conditions, primarily increasing global temperatures and expected sea levels, are likely to increase

the severity and possibly the frequency of natural catastrophes relative to the historical experience over the past 100 years. Coupled with currently projected demographic trends in catastrophe-exposed regions, we currently estimate that this expected increase in tropical cyclone intensity over coming periods may significantly increase the average economic value of expected losses, increase the number of people exposed per year to natural disasters and in general exacerbate disaster risk, including risks to infrastructure, global supply chains and agricultural production. Accordingly, we currently estimate that these trends may increase claims under our property and casualty lines of business, particularly with respect to properties located in coastal and flood-exposed areas, among others. While we believe a substantial portion of our insureds may be adversely impacted by climate change, we have taken certain measures, to the extent permissible by law and prevailing market conditions, to mitigate against such losses by giving consideration to these risks in our underwriting decisions. We continuously monitor and adjust, as we believe appropriate, our risk management models to reflect our judgment of how to interpret current developments and information such as these studies. However, it is possible that, even after these assessments, we will have underestimated the scale of the risks, such as the frequency or severity of hurricanes or other catastrophes or may have failed to identify new or increased risks. To the extent broad environmental factors, exacerbated by climate change or otherwise, lead to increases in likely insured losses, particularly if those losses exceed expectations and the prior estimates of market participants, regulators or other stakeholders, the markets and clients we serve may be disrupted and adversely impacted, and we may be adversely affected, directly or indirectly. Further, certain of our investments such as insurance-linked securities and property catastrophe managed joint ventures related to hurricane coverage could also be adversely impacted by climate change.

Emerging claim and coverage issues, or other litigation, could adversely affect us.

Unanticipated developments in the law as well as changes in social and environmental conditions could potentially result in unexpected claims for coverage under our insurance and reinsurance contracts. These developments and changes may adversely affect us, perhaps materially so. For example, we could be subject to developments that impose additional coverage obligations on us beyond our underwriting intent, or to increases in the number or size of claims to which we are subject. We believe our property catastrophe results have been adversely impacted over recent periods by increasing primary claims level fraud and abuses, as well as other forms of social inflation, and that these trends may continue, particularly in certain U.S. jurisdictions in which we focus, including Florida and Texas.

With respect to our specialty reinsurance operations, these legal, social and environmental changes may not become apparent until some point in time after their occurrence. For example, we could be deemed liable for losses arising out of a matter, such as the potential for industry losses arising out of a pandemic illness that we had not anticipated or had attempted to contractually exclude. Moreover, irrespective of the clarity and inclusiveness of policy language, there can be no assurance that a court or arbitration panel will limit enforceability of policy language or not issue a ruling adverse to us. Our exposure to these uncertainties could be exacerbated by the increased willingness of some market participants to dispute insurance and reinsurance contract and policy wordings. Alternatively, potential efforts by us to exclude such exposures could, if successful, reduce the market's acceptance of our related products. The full effects of these and other unforeseen emerging claim and coverage issues are extremely hard to predict. As a result, the full extent of our liability under our coverages may not be known for many years after a contract is issued. As we increase the contributions from our Specialty Reinsurance segment, including through strategic transactions such as the proposed acquisition of Platinum, we expect that our exposure to this uncertainty will grow as our "long-tail" casualty businesses grow, because in these lines claims can typically be made for many years, making them more susceptible to these trends than our traditional catastrophe business, which is typically more "short-tail." While we continually seek to improve the effectiveness of our contracts and claims capabilities, we may fail to mitigate our exposure to these growing uncertainties. We are also subject to indemnification obligations and unknown liabilities relating to businesses and assets that we have disposed; such liabilities may exceed our estimated exposures or otherwise result in a loss which could have a material adverse effect on us.

Because we depend on a few insurance and reinsurance brokers in our Catastrophe Reinsurance and Specialty Reinsurance segments for a preponderance of our revenue, loss of business provided by them could adversely affect us.

Our Catastrophe Reinsurance and Specialty Reinsurance market insurance and reinsurance products worldwide exclusively through a limited number of insurance and reinsurance brokers. Three brokerage firms accounted for 89.2% of our aggregate Catastrophe Reinsurance and Specialty Reinsurance segments' gross premiums written for the year ended December 31, 2014 (2013 - 88.2%). Subsidiaries and affiliates of AON Benfield, Marsh & McLennan Companies and the Willis Group accounted for approximately 56.1%, 21.2% and 11.9%, respectively, of our aggregate Catastrophe Reinsurance and Specialty Reinsurance segments' gross premiums written in 2014 (2013 - 48.6%, 22.7% and 16.9%, respectively). As our business is heavily reliant on the use of brokers, the loss of a broker through a merger or other business combination could result in the loss of a substantial portion of our business which would have a material adverse effect on us. Our ability to market our products could decline as a result of any loss of the business provided by these brokers and it is possible that our premiums written would decrease. Further, due to the concentration of our brokers, our brokers may have increasing power to dictate the terms and conditions of our arrangements with them, which could have a negative impact on our business.

We are exposed to counterparty credit risk, including with respect to reinsurance brokers.

In accordance with industry practice, we pay virtually all amounts owed on claims under our policies to reinsurance brokers, and these brokers, in turn, pay these amounts over to the insurers that have reinsured a portion of their liabilities with us (we refer to these insurers as ceding insurers). Likewise, premiums due to us by ceding insurers are virtually all paid to brokers, who then pass such amounts on to us. In many jurisdictions, we have contractually agreed that if a broker were to fail to make such a payment to a ceding insurer, we would remain liable to the ceding insurer for the deficiency. Conversely, in many jurisdictions, when the ceding insurer pays premiums for these policies to reinsurance brokers for payment over to us, these premiums are considered to have been paid by the cedants and the ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums. Consequently, in connection with the settlement of reinsurance balances, we assume a substantial degree of credit risk associated with brokers around the world.

We are also exposed to the credit risk of our customers, who, pursuant to their contracts with us, frequently pay us over time. Our premiums receivable at December 31, 2014 totaled $440.0 million, and these amounts are generally not collateralized. At December 31, 2014, we had recorded $66.7 million of reinsurance recoverables, net of a valuation allowance of $1.0 million for uncollectible recoverables, a significant portion of which are not collateralized. We cannot assure you that such receivables or recoverables will ever be collected or that additional amounts will not be required to be written down in 2015 or future periods. To the extent our customers or retrocedants become unable to pay future premiums, we would be required to recognize a downward adjustment to our premiums receivable or reinsurance recoverables, as applicable, in our financial statements.

As a result of the recent period of economic uncertainty, our consolidated credit risk, reflecting our counterparty dealings with agents, brokers, customers, retrocessionaires, capital providers, parties associated with our investment portfolio, and others has increased, perhaps materially so.

Weakness in business and economic conditions generally or specifically in the principal markets in which we do business could adversely affect our business and operating results.

The U.S. and numerous other leading markets around the world continue to experience slow recoveries or more challenging economic conditions, and we believe meaningful risk remains of returned deterioration in economic conditions and of substantial and continuing financial market disruptions in certain large economies. While many governments, including the U.S. federal government, have taken substantial steps to stabilize economic conditions in an effort to increase liquidity and capital availability, if economic conditions should weaken, the business environment in our principal markets would be adversely affected, which accordingly could adversely affect demand for the products sold by us or our customers. In addition, adverse conditions of volatility in the U.S. and other securities markets may adversely affect our investment portfolio or the investment results of our clients, potentially impeding their operations or their capacity to invest in our products. Conditions in the global financial markets and economic and geopolitical conditions throughout the world are outside of our control and difficult to predict, being influenced by factors such as

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national and international political circumstances (including governmental instability, wars, terrorist acts or security operations), interest rates, market volatility, asset or market correlations, equity prices, availability of credit, inflation rates, economic uncertainty, changes in laws or regulation including as regards taxation, trade barriers, commodity prices, interest rates, currency exchange rates and controls. In addition, during an economic downturn we believe our consolidated credit risk, reflecting our counterparty dealings with agents, brokers, customers, retrocessionaires, capital providers and parties associated with our investment portfolio, among others, is likely to be increased.

U.S. taxing authorities could contend that one or more of our Bermuda subsidiaries are subject to U.S. corporate income tax, as a result of changes in law or regulations, or otherwise.

If the IRS were to contend successfully that one or more of our Bermuda subsidiaries is engaged in a trade or business in the U.S., such subsidiary would, to the extent not exempted from tax by the U.S.-Bermuda income tax treaty, be subject to U.S. corporate income tax on that portion of its net income treated as effectively connected with a U.S. trade or business, as well as the U.S. corporate branch profits tax. Although we would vigorously contest such an assertion, if we were ultimately held to be subject to taxation, our earnings would correspondingly decline.

In addition, benefits of the U.S.-Bermuda income tax treaty which may limit any such tax to income attributable to a permanent establishment maintained by one or more of our Bermuda subsidiaries in the U.S. are only available to any of such subsidiaries if more than 50% of its shares are beneficially owned, directly or indirectly, by individuals who are Bermuda residents or U.S. citizens or residents. Our Bermuda subsidiaries may not be able to continually satisfy such beneficial ownership test or be able to establish it to the satisfaction of the IRS. Finally, it is unclear whether the U.S.-Bermuda income tax treaty (assuming satisfaction of the beneficial ownership test) applies to income other than premium income, such as investment income.

Changes in U.S. tax law or regulations could increase the costs of our products and services or otherwise reduce our profitability.

Congress is reported to be considering legislation relating to the tax treatment of offshore insurance that would adversely affect reinsurance between affiliates and offshore insurance and reinsurance more generally. In past Congressional sessions, similar proposals have been introduced and the Obama Administration has included similar provisions in its formal budgetary proposals. We believe that passage of such legislation could adversely affect us, perhaps materially, depending on various factors, including the magnitude of our U.S.-based operations. We could also be adversely impacted if final legislation actually enacted, if any, differs from the proposed language previously introduced or described. To date, none of this legislation has been approved by either the House of Representatives or the Senate, and the IRS has not effected any formal action in respect of these practices. However, we can provide no assurance that this or similar legislation or proposals, will not ultimately be adopted or that the IRS will not effect any such formal action. While we do not believe that this or similar legislation, proposals, or formal IRS actions would materially adversely impact us, it is possible that an adopted bill or formal IRS action would include additional or expanded provisions, or that the interpretation or enforcement of the legislation or proposal, if enacted, or IRS action, would be more expansive or adverse than we currently estimate.

A decline in our investment performance could reduce our profitability and hinder our ability to pay claims promptly in accordance with our strategy.

We have historically derived a meaningful portion of our income from our invested assets, which are comprised of, among other things, fixed maturity securities, such as bonds, asset-backed securities, mortgage-backed securities, equity securities and investments in bank loan funds, hedge funds and private equity partnerships. Accordingly, our financial results are subject to a variety of investment risks, including risks relating to general economic conditions, market volatility, interest rate fluctuations, foreign currency risk, liquidity risk and credit and default risk. Additionally, with respect to certain of our investments, we are subject to pre-payment or reinvestment risk.

A failure to successfully execute our investment strategy could have a material adverse effect on our overall results. In the event of a significant or total loss in our investment portfolio, our ability to pay any claims promptly in accordance with our strategy could be adversely affected.

The market value of our fixed maturity investments is subject to fluctuation depending on changes in various factors, including prevailing interest rates and widening credit spreads.

Increases in interest rates could cause the market value of our investment portfolio to decrease, perhaps substantially. Conversely, a decline in interest rates could reduce our investment yield, which would reduce our overall profitability. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. Any measures we take that are intended to manage the risks of operating in a changing interest rate environment may not effectively mitigate such interest rate sensitivity.

A portion of our investment portfolio is allocated to other classes of investments which we expect to have different risk characteristics than our investments in traditional fixed maturity securities and short term investments. These other classes of investments include equity securities and interests in alternative investment vehicles such as private equity partnerships, hedge funds, a senior secured bank loan fund and catastrophe bonds, and are recorded on our consolidated balance sheet at fair value. For the aforementioned classes of investments, the fair value of the assets comprising the portfolio of an investment vehicle, and likewise the net asset value of the investment vehicle itself, are generally established on the basis of the valuation criteria applied by the investment managers as set forth in the governing documents of such investment vehicles. Such valuations may differ significantly from the values that would have been used had ready markets existed for the shares, partnership interests, notes or other securities representing interests in the relevant investment vehicles. Interests in many of the investment classes described above are subject to restrictions on redemptions and sales which are determined by the governing documents or otherwise by contract and limit our ability to liquidate these investments in the short term. These classes of investments expose us to market risks including interest rate risk, foreign currency risk, equity price risk and credit risk. The performance of these classes of investments is also dependent on the individual investment managers and the investment strategies. It is possible that the investment managers will leave and/or the investment strategies will become ineffective or that such managers will fail to follow our investment guidelines. Any of the foregoing could result in a material adverse change to our investment performance, and accordingly, adversely affect our financial results.

In addition to the foregoing, we may from time to time re-evaluate our investment approach and guidelines and explore investment opportunities in respect of other asset classes not previously discussed above, including, without limitation, by expanding our relatively small portfolio of direct investments in the equity markets. Any such investments could expose us to systemic and price volatility risk, interest rate risk and other market risks. Any investment in equity securities carries with it inherent volatility and there can be no assurance that such an investment will prove profitable and we could, in fact, lose the value of our investment. Accordingly, any such investment could impact our financial results, perhaps materially, over both the short and the long term.

We may from time to time modify our business and strategic plan, and these changes could adversely affect us and our financial condition.

We regularly evaluate our business plans and strategies. These evaluations often result in changes to our business plans and initiatives, some of which may be material. Given the increasing importance of strategic execution in our industry, we are subject to increasing risks related to our ability to successfully implement our evolving plans and strategies, particularly as the pace of change in our industry continues to increase. Changing plans and strategies requires significant management time and effort, and may divert management's attention from our core and historically successful operations and competencies. Moreover, modifications we undertake to our operations may not be immediately reflected in our financial statements. Therefore, risks associated with implementing or changing our business strategies and initiatives, including risks related to developing or enhancing the operations, controls and other infrastructure necessary in respect of our more recent, new or proposed initiatives, may not have an impact on our publicly reported results until many years after implementation. The risk that we may fail to have the ability to carry out our business plans may have an adverse effect on our long-term results of operations and financial condition.

The loss of key senior members of management could adversely affect us.

Our success has depended, and will continue to depend, in substantial part upon our ability to attract and retain our senior officers. The loss of services of members of our senior management team in the future, and the uncertain transition of new members of our senior management team, as applicable, may strain our

ability to execute our strategic initiatives. Given our reliance on a relatively small management team, the loss of one or more of our senior officers could adversely impact our business, by, for example, making it more difficult to retain customers, attract or maintain our capital support, or other needs of our business, which depend in part on the service of the departing officer. While we seek to engage in robust organizational development, we may encounter unforeseen, or fail to adequately address potential difficulties associated with the transition of members of our senior management team for new or expanded roles necessary to execute our strategic and tactical plans, including in connection with our anticipated geographic diversification as well as those which may arise from the senior management transitions we announced during the second quarter of 2013 and the fourth quarter of 2014. We do not currently maintain key man life insurance policies with respect to any of our employees.

In addition, our ability to execute our business strategy is dependent on our ability to attract and retain a staff of qualified underwriters and service personnel. The location of our global headquarters in Bermuda may impede our ability to recruit and retain highly skilled employees. Under Bermuda law, non-Bermudians (other than spouses of Bermudians, holders of Permanent Residents' Certificates and holders of Working Residents' Certificates) may not engage in any gainful occupation in Bermuda without a valid government work permit. Substantially all of our officers are working in Bermuda under work permits that will expire over the next three to five years. The Bermuda government could refuse to extend these work permits, which would adversely impact us. A work permit is issued with an expiry date (up to ten years) and no assurances can be given that any work permit will be issued or, if issued, renewed upon the expiration of the relevant term. If any of our senior officers or key contributors were not permitted to remain in Bermuda, or if we experience delays or failures to obtain permits for a number of our professional staff, our operations could be disrupted and our financial performance could be adversely affected as a result.

In late 2011, the Bermuda Parliament passed the Incentives for Job Makers Act 2011 (the "Job Makers Act"), which provides that a limited number of non-Bermudian executives of Bermuda companies may, subject to their and their company meeting the requirements under the Job Makers Act, apply for permission to reside and work in Bermuda exempt from the requirement for a work permit. At this time we cannot assure you that the Job Makers Act diminishes our risks of retaining and attracting senior executives to our Bermuda headquarters location.

Some of our investments are relatively illiquid and are in asset classes that may experience significant market valuation fluctuations.

Although we invest primarily in highly liquid securities in order to ensure our ability to pay valid claims in a prompt manner, we do hold certain investments subject to transfer restrictions, or that may lack liquidity, such as certain of our equity securities, investments in other ventures and alternative investments, which include, but are not limited to, private equity investments, hedge funds, bank loan fund investments, insurance-linked securities and certain high-yield debt securities. If we require significant amounts of cash on short notice in excess of our normal cash requirements or are required to post or return collateral in connection with our investment portfolio we may, be restricted from, have difficulty selling these investments in a timely manner, or be forced to sell them for less than we otherwise would have been able to realize, or both.

At times, the reported value of our relatively illiquid types of investments and of our high quality, generally more liquid asset classes, do not necessarily reflect the lowest current market price for the asset. If we were forced to sell certain of our assets in the current market, there can be no assurance that we will be able to sell them for the prices at which we have recorded them and we may be forced to sell them at significantly lower prices. Certain of our investments are held subject to contractual or regulatory transfer restrictions and may not be sold in a timely manner; thus, upon a sale we may not be able to recognize the current market price of these investments.

A reduction in market liquidity may make it difficult to value certain of our securities as trading becomes less frequent. As such, valuations may include assumptions or estimates that may be more susceptible to significant period-to-period changes which could have a material adverse effect on our consolidated results of operations or financial condition.

The determination of impairments taken on our investments, investments in other ventures, under equity method, goodwill and other intangible assets and loans is highly subjective and could materially impact our financial position or results of operations.

The determination of impairments taken varies by type of asset and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects impairments in operations as such evaluations are revised. There can be no assurance that our management has accurately assessed the level of impairments taken in our financial statements. Furthermore, additional impairments may need to be taken in the future, which could materially impact our financial position or results of operations. Historical trends may not be indicative of future impairments.

Retrocessional reinsurance may become unavailable on acceptable terms, or may not provide the coverage we intended to obtain.

As part of our risk management, we buy reinsurance for our own account. This type of insurance when purchased to protect reinsurance companies is known as "retrocessional reinsurance." From time to time, market conditions have limited, and in some cases have prevented, insurers and reinsurers from obtaining reinsurance. Accordingly, we may not be able to obtain our desired amounts of retrocessional reinsurance. In addition, even if we are able to obtain such retrocessional reinsurance, we may not be able to negotiate terms as favorable to us as in the past. This could limit the amount of business we are willing to write, or decrease the protection available to us as a result of large loss events. When we purchase reinsurance or retrocessional reinsurance for our own account, the insolvency of any of our reinsurers, or inability or reluctance of any of our reinsurers to make timely payments to us under the terms of our reinsurance agreements could have a material adverse effect on us. Generally, we believe that the "willingness to pay" of some reinsurers and retrocessionaires is declining. This risk may be more significant to us at present than at many times in the past. Complex coverage issues or coverage disputes may impede our ability to collect amounts we believe we are owed. A large portion of our reinsurance protection is concentrated with a relatively small number of reinsurers. The risk of such concentration of retrocessional coverage may be increased by recent and future consolidation within the industry.

We may be adversely impacted by inflation.

We monitor the risk that the principal markets in which we operate could experience increased inflationary conditions, which would, among other things, cause loss costs to increase, and impact the performance of our investment portfolio. The onset, duration and severity of an inflationary period cannot be estimated with precision.

Our utilization of third parties to support our business exposes us to operational and financial risks.

With respect to our reinsurance operations, we do not separately evaluate each primary risk assumed under our reinsurance contracts and, accordingly, like other reinsurers, are heavily dependent on the original underwriting decisions made by our ceding companies. We are therefore subject to the risk that our customers may not have adequately evaluated the risks to be reinsured, or that the premiums ceded to us will not adequately compensate us for the risks we assume, perhaps materially so. We have recently increased, and are seeking to continue to increase, the absolute and, potentially, the relative amount of proportional coverages we offer, which will increase our aggregate exposure to risks of this nature.

Operational risks, including systems or human failures, are inherent in business, including ours.

We are subject to operational risks including fraud, employee errors, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements or obligations under our agreements, failure of our service providers, such as investment custodians, actuaries, information technology providers, etc., to comply with our service agreements, or information technology failures. Losses from these risks may occur from time to time and may be significant.

We are exposed to risks in connection with our management of capital on behalf of investors in joint ventures or other entities we manage.

Our operating subsidiaries may owe certain legal duties and obligations to third party investors (including reporting obligations) and are subject to a variety of often complex laws and regulations relating to the

management of third party capital. Compliance with some of these laws and regulations, all of which are subject to change, requires significant management time and attention. Although we seek to continually monitor our policies and procedures to attempt to ensure compliance, faulty judgments, simple errors or mistakes, or the failure of our personnel to adhere to established policies and procedures, could result in our failure to comply with applicable laws or regulations which could result in significant liabilities, penalties or other losses to the Company, and seriously harm our business and results of operations. In connection with our goal of matching well-structured risk with capital whose owners would find the risk-return trade-off attractive, we may invest capital in new and increasingly complex ventures in which we do not have a significant amount of experience, which may increase our exposure to legal, regulatory and reputational risks.

In addition to the foregoing, our third party capital providers may redeem their interests in our joint ventures, which could materially impact the financial condition of such joint ventures, and could in turn materially impact our financial condition and results of operations. Certain of our joint venture capital providers provide significant capital investment and other forms of capital support in respect of our joint ventures; the loss, or alternation, of any of this capital support could be detrimental to our financial condition and results of operations. Moreover, we can provide no assurance that we may be able to attract and raise additional third party capital for our existing joint ventures or for potential new joint ventures and therefore we may forego existing and/or potential attractive fee income and other income generating opportunities.

We may be adversely affected by foreign currency fluctuations.

Our functional currency is the U.S. dollar; however, as we expand geographically, an increasing portion of our premium is, and likely will be, written in currencies other than the U.S. dollar and a portion of our claims and claim expense reserves is also in non-U.S. dollar currencies. Moreover, we maintain a portion of our cash and investments in currencies other than the U.S. dollar. Although we generally seek to hedge significant non-U.S. dollar positions, we may, from time to time, experience losses resulting solely from fluctuations in the values of these foreign currencies, which could cause our consolidated earnings to decrease. In addition, failure to manage our foreign currency exposures could cause our results of operations to be more volatile. Adverse, unforeseen or rapidly shifting currency valuations in key markets for us, such as the Eurozone jurisdictions or Japan, may magnify these risks over time.

We may require additional capital in the future, which may not be available or only available on unfavorable terms.

We monitor our capital adequacy on a regular basis. The capital requirements of our business depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses. Our ability to sell our reinsurance, insurance and other products is largely dependent upon the quality of our claims-paying and financial strength ratings as evaluated by independent rating agencies. To the extent that our existing capital is insufficient to support our future operating requirements, we may need to raise additional funds through financings or limit our growth. While our current capital position is strong, our operations are subject to the ever present potential for significant volatility in capital due to our exposure to potentially significant catastrophic events. Any further equity or debt financing, or capacity needed for letters of credit, if available at all, may be on terms that are unfavorable to us. Our ability to raise such capital successfully would depend upon the facts and circumstances at the time, including our financial position and operating results, market conditions, and applicable legal issues. If we are unable to obtain adequate capital if and when needed, our business, results of operations and financial condition would be adversely affected. In addition, in the future we may be unable to raise new capital for our managed joint ventures and other private alternative investment vehicles, which would reduce our future fee income and market capacity.

The covenants in our debt agreements limit our financial and operational flexibility, which could have an adverse effect on our financial condition.

We have incurred indebtedness, and may incur additional indebtedness in the future. At December 31, 2014, we had an aggregate of $249.5 million of indebtedness outstanding and $624.9 million of outstanding letters of credit. In addition, we have in place committed debt facilities which would permit us to borrow, subject to their respective terms and conditions, up to another $250.0 million. Pending the closing of the Merger with Platinum, if such closing occurs, our aggregate indebtedness will increase by $550.0 million, consisting of $250.0 million of publicly traded notes currently outstanding at Platinum, which will remain

outstanding following the close of the Merger, and $300.0 million of short term alternative financing used to fund part of the cash component of the aggregate consideration for the Merger. Following the closing of the Merger, if such closing occurs, we intend to issue $300.0 million in debt to replace the short term alternative financing used to fund part of the cash consideration to be paid by RenaissanceRe.For more details on our indebtedness, see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Capital Resources.”

The agreements covering our indebtedness, particularly our bank loans, contain covenants that limit our ability, among other things, to borrow money, make particular types of investments or other restricted payments, sell assets, merge or consolidate. These agreements also require us to maintain specific financial ratios. If we fail to comply with these covenants or meet these financial ratios, the lenders under our credit facilities could declare a default and demand immediate repayment of all amounts owed to them, cancel their commitments to lend or issue letters of credit, or both, and require us to pledge additional or a different type of collateral.

Regulatory challenges in the U.S. or elsewhere to our Bermuda operations’ claims of exemption from certain insurance regulation could restrict our ability to operate, increase our costs, or otherwise adversely impact us.

Certain of our operating subsidiaries are not licensed or admitted in any jurisdiction except Bermuda, conduct business only from their principal offices in Bermuda and do not maintain offices in the U.S. The insurance and reinsurance regulatory framework continues to be subject to increased scrutiny in many jurisdictions, including the U.S. and Europe. If our Bermuda insurance or reinsurance operations become subject to the insurance laws of any state in the U.S., jurisdictions in the EU, or elsewhere, we could face inquiries or challenges to the future operations of these companies.

Moreover, we, and certain of our operating subsidiaries, could be put at a competitive disadvantage in the future with respect to competitors that are licensed and admitted in U.S. jurisdictions. Among other things, jurisdictions in the U.S. do not permit insurance companies to take credit for reinsurance obtained from unlicensed or non-admitted insurers on their statutory financial statements unless security is posted. Our contracts generally require us to post a letter of credit or provide other security (e.g., through a multi-beneficiary reinsurance trust) after a reinsured reports a claim. In order to post these letters of credit, issuing banks generally require collateral. It is possible that the EU or other countries might adopt a similar regime in the future, or that U.S. or EU regulations could be altered in a way that treats Bermuda-based companies disparately. It is possible that individual jurisdiction or cross border regulatory developments could adversely differentiate Bermuda, the jurisdiction in which we are subject to group supervision, or could make available to other jurisdictions benefits such as market access, mutual recognition or reciprocal rights from which Bermuda-based companies could be excluded, which could adversely impact us, perhaps significantly. Any such development, or if we are unable to post security in the form of letters of credit or trust funds when required, could significantly and negatively affect our operations.

RenaissanceRe Specialty Risks is a Bermuda-domiciled excess and surplus lines insurance company that is listed on the NAIC International Insurance Department’s Quarterly List of Alien Insurers as an eligible surplus lines insurer. However, RenaissanceRe Specialty Risks is not admitted or licensed in any U.S. jurisdiction; moreover, RenaissanceRe Specialty Risks only conducts business from Bermuda. Accordingly, the scope of RenaissanceRe Specialty Risks’ activities in the U.S. is limited, which could adversely affect its ability to compete. Although surplus lines business is generally less regulated than the admitted market, the regulation of surplus lines insurance may undergo changes in the future. Federal and/or state measures may be introduced and promulgated that could result in increased oversight and regulation of surplus lines insurance.

Our current or future business strategy could cause one or more of our currently unregulated subsidiaries to become subject to some form of regulation. For example, following the Merger, if such Merger occurs, the operations of Platinum U.S. will continue as part of the surviving company and, accordingly, RenaissanceRe will become subject to the laws and regulations applicable to such operations. Among other things, RenaissanceRe may be impacted by requirements under Maryland laws or regulations, including requirements that may be imposed by the Maryland Insurance Administration, in respect of the capital, operations or liquidity of Platinum U.S. Any failure to comply with applicable laws could result in the imposition of significant restrictions on our ability to do business, and could also result in fines and other sanctions, any or all of which could adversely affect our financial results and operations.

We could be required to allocate considerable time and resources to comply with any new or additional regulatory requirements, and any such requirements may impact the operations of our insurance and/or non-insurance subsidiaries and ultimately could impact our financial condition as well. In addition, we could be adversely affected if a regulatory authority believed we had failed to comply with applicable law or regulation.

Because we are a holding company, we are dependent on dividends and payments from our subsidiaries.

As a holding company with no direct operations, we rely on investment income, cash dividends and other permitted payments from our subsidiaries to make principal and interest payments on our debt and to pay dividends to our shareholders. The holding company does not have any operations and from time to time may not have significant liquid assets. Bermuda law and various U.S. insurance regulations may limit the ability of our subsidiaries to pay dividends. If our subsidiaries are restricted from paying dividends to us, we may be unable to pay dividends or to repay our indebtedness.

Acquisitions or strategic investments that we have made or may make could turn out to be unsuccessful.

As part of our strategy, we frequently monitor and analyze opportunities to acquire or make a strategic investment in new or other businesses that will not detract from our core operations. The negotiation of potential acquisitions or strategic investments as well as the integration of an acquired business or new personnel, such as the pending acquisition and integration of Platinum, could result in a substantial diversion of management resources. As provided in more detail below under “Risks Related to the Merger,” we face significant challenges, including technical, accounting and other challenges, in combining our and Platinum’s operations, and we may not be able to accomplish this integration process smoothly or successfully, which would reduce the anticipated benefits of the Merger. Moreover, we are incurring meaningful one-time cash costs to acquire and integrate Platinum, and it is possible that our ultimate costs will exceed our current estimates. Future acquisitions could likewise involve numerous additional risks such as potential losses from unanticipated litigation or levels of claims and inability to generate sufficient revenue to offset acquisition costs. As we pursue or consummate a strategic transaction or investment, we may mis-value the acquired or funded company or operations, fail to integrate the acquired operations appropriately into our own operations, expend unforeseen costs during the acquisition or integration process, or encounter other unanticipated risks or challenges. Having consummated a strategic investment, should we succeed in doing so, we may fail to value it accurately or succeed in divesting it or otherwise realizing the value which we originally invested or have subsequently reflected in our consolidated financial statements. Any failure by us to effectively limit such risks or implement our acquisitions or strategic investment strategies could have a material adverse effect on our business, financial condition or results of operations.

We are subject to cybersecurity risks and may incur increasing costs in an effort to minimize those risks.

We depend on the proper functioning and availability of our information technology platform, including communications and data processing systems, in operating our business. These systems include proprietary software programs that are integral to the efficient operation of our business, including our proprietary pricing and exposure management system. We are also required to effect electronic transmissions with third parties including brokers, clients, vendors and others with whom we do business, and to facilitate the oversight conducted by our Board of Directors. Security breaches could expose us to a risk of loss or misuse of our information, litigation and potential liability. In addition, cyber incidents that impact the availability, reliability, speed, accuracy or other proper functioning of these systems could have a significant impact on our operations, and potentially on our results. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks. A significant cyber incident, including system failure, security breach, disruption by malware or other damage could interrupt or delay our operations, result in a violation of applicable privacy and other laws, damage our reputation, cause a loss of customers or give rise to monetary fines and other penalties, which could be significant. See “Part I, Item 1. Business, Information Technology”.

Some aspects of our corporate structure may discourage third party takeovers and other transactions or prevent the removal of our current board of directors and management.

Some provisions of our Amended and Restated Bye-Laws have the effect of making more difficult or discouraging unsolicited takeover bids from third parties or preventing the removal of our current board of directors and management. In particular, our Bye-Laws prohibit transfers of our capital shares if the transfer

would result in a person owning or controlling shares that constitute 9.9% or more of any class or series of our shares. In addition, our Bye-Laws reduce the total voting power of any shareholder owning, directly or indirectly, beneficially or otherwise, as described in our Bye-laws, more than 9.9% of RenaissanceRe Common Shares to not more than 9.9% of the total voting power of our capital stock unless otherwise waived at the discretion of the Board. The primary purpose of these provisions is to reduce the likelihood that we will be deemed a "controlled foreign corporation" within the meaning of the Internal Revenue Code for U.S. federal tax purposes. However, these provisions may also have the effect of deterring purchases of large blocks of RenaissanceRe Common Shares or proposals to acquire us, even if some or a majority of our shareholders might deem these purchases or acquisition proposals to be in their best interests.

In addition, our Bye-Laws provide for, among other things:

- a classified Board, whose size is fixed and whose members may be removed by the shareholders only for cause upon a 66 2/3% vote;
- restrictions on the ability of shareholders to nominate persons to serve as directors, submit resolutions to a shareholder vote and requisition special general meetings;
- a large number of authorized but unissued shares which may be issued by the Board without further shareholder action; and
- a 66 2/3% shareholder vote to amend, repeal or adopt any provision inconsistent with several provisions of the Bye-Laws.

These Bye-Law provisions make it more difficult to acquire control of us by means of a tender offer, open market purchase, proxy contest or otherwise. These provisions are designed to encourage persons seeking to acquire control of us to negotiate with our directors, which we believe would generally best serve the interests of our shareholders. However, these provisions could have the effect of discouraging a prospective acquirer from making a tender offer or otherwise attempting to obtain control of us. In addition, these Bye-Law provisions could prevent the removal of our current board of directors and management. To the extent these provisions discourage takeover attempts, they could deprive shareholders of opportunities to realize takeover premiums for their shares or could depress the market price of the shares.

Maryland law also requires prior notice and Maryland Insurance Administration approval of changes in control of a Maryland-domestic insurer or its holding company. Any purchaser of 10% or more of the outstanding voting securities of an insurance company or its holding company is presumed to have acquired control, unless the presumption is rebutted. Therefore, if our acquisition of Platinum is completed, any investor who intends to acquire 10% or more of RenaissanceRe's outstanding voting securities may need to comply with these laws and would be required to file notices and reports with the Maryland Insurance Administration before such acquisition.

In respect of our ownership of RSML, our Lloyd's managing agent, the PRA and FCA regulate the acquisition of control of any Lloyd's managing agent which is authorized under the FSMA. Any company or individual that, together with its or his associates, directly or indirectly acquires 10% or more of the shares in a Lloyd's managing agent or its parent company, or is entitled to exercise or control the exercise of 10% or more of the voting power in such Lloyd's managing agent or its parent company, would be considered to have acquired control for the purposes of the relevant legislation, as would a person who had significant influence over the management of such Lloyd's managing agent or its parent company by virtue of his shareholding or voting power in either. Lloyd's approval is also required before any person can acquire control (using the same definition as for the PRA and FCA) of a Lloyd's managing agent or Lloyd's corporate member.

Investors may have difficulties in serving process or enforcing judgments against us in the U.S.

We are a Bermuda company. In addition, certain of our officers and directors reside in countries outside the U.S. All or a substantial portion of our assets and the assets of these officers and directors are or may be located outside the U.S. Investors may have difficulty effecting service of process within the U.S. on our directors and officers who reside outside the U.S. or recovering against us or these directors and officers on judgments of U.S. courts based on civil liabilities provisions of the U.S. federal securities laws whether or not we appoint an agent in the U.S. to receive service of process.

Risks Related to Our Industry

The reinsurance and insurance businesses are historically cyclical and the pricing and terms for our products may decline, which would affect our profitability.

The reinsurance and insurance industries have historically been cyclical, characterized by periods of decreasing prices followed by periods of increasing prices. Reinsurers have experienced significant fluctuations in their results of operations due to numerous factors, including the frequency and severity of catastrophic events, perceptions of risk, levels of capacity, general economic conditions and underwriting results of other insurers and reinsurers. All of these factors may contribute to price declines generally in the reinsurance and insurance industries. Following an increase in capital in our industry after the 2005 catastrophe events and the subsequent period of substantial dislocation in the financial markets, the reinsurance and insurance markets have experienced a prolonged period of generally softening markets.

The catastrophe-exposed lines in which we are a market leader are affected significantly by volatile and unpredictable developments, including natural and man-made disasters. The occurrence, or nonoccurrence, of catastrophic events, the frequency and severity of which are inherently unpredictable, affects both industry results and consequently prevailing market prices of our products.

We expect premium rates and other terms and conditions of trade to vary in the future. If demand for our products falls or the supply of competing capacity rises, our prospects for potential growth, due in part to our disciplined approach to underwriting, may be adversely affected. In particular, we might lose existing customers or suffer a decline in business, which we might not regain when industry conditions improve.

In recent years, hedge funds, pension funds, endowments and investment banks have been increasingly active in the reinsurance market and markets for related risks. Further, we believe new entrants or existing competitors may attempt to replicate all or part of our business model and provide further competition in the markets in which we participate. We generally expect increased competition from a wider range of entrants over time. It is possible that such new or alternative capital could cause reductions in prices of our products, or reduce the duration or amplitude of attractive portions of the historical market cycles. Moreover, explicitly or implicitly government-backed entities increasingly represent competition for the coverages that we provide directly, or for the business of our customers, reducing the potential amount of third party private protection our clients might need or desire. To the extent that industry pricing of our products does not meet our hurdle rate, we would generally expect to reduce our future underwriting activities, thus resulting in reduced premiums and a reduction in expected earnings.

Recent or future legislation may decrease the demand for our property catastrophe reinsurance products and adversely affect our business and results of operations.

In 2007, the State of Florida enacted legislation to expand the FHCF’s provision of below-market rate reinsurance to up to $28.0 billion per season (the “2007 Florida Bill”). We believe that the 2007 Florida Bill and other regulatory actions since the introduction of the 2007 Florida Bill contributed to instability in the Florida primary insurance market, where many insurers reported substantial and continuing losses from 2009 through 2012, despite an unusually low period for catastrophe losses in the state. Because of our position as one of the largest providers of catastrophe-exposed coverage, both on a global basis and in respect of the Florida market, the 2007 Florida Bill and the weakened financial position of Florida insurers may have a disproportionate adverse impact on us compared to other reinsurance market participants. In addition, it is possible that other regulatory or legislative changes in, or impacting, Florida could affect our ability to sell certain of our products and could therefore have a material adverse effect on our operations.

It is also possible that other states, particularly those with Atlantic or Gulf Coast exposures, or California in respect of its seismic exposures, may enact new or expanded legislation based on the Florida precedent, or may otherwise enact legislation, which would further diminish aggregate private market demand for our products. Alternatively, legislation adversely impacting the private markets could be enacted on a regional or at the federal level. For example, in the past, federal bills have been proposed in Congress (and, in prior congressional sessions, passed by the House of Representatives) which would, if enacted, create a federal reinsurance backstop or guarantee mechanism for catastrophic risks, including those we currently insure and reinsure in the private markets. Such legislation, if enacted, would, we believe, likely contribute to growth of state insurance entities or to their inception or alteration in a manner adverse to us. If enacted, bills of this nature would likely further erode the role of private market catastrophe reinsurers and could adversely impact our financial results, perhaps materially. Moreover, we believe that numerous modeled

potential catastrophes could exceed the actual or politically acceptable bonded capacity of Citizens and of the FHCF, which could lead either to a severe dislocation or the necessity of federal intervention in the Florida market, either of which would adversely impact the private insurance and reinsurance industry.

In June 2012, Congress passed the Biggert-Waters Flood Insurance Reform and Modernization Act of 2012 (the “Biggert-Waters Bill”), which provided for a five-year renewal of the National Flood Insurance Program (the “NFIP”) and effected substantial reforms in the program. Among other things, the bill increased the annual limitation on program premium increases from 10% to 20% of the average of the risk premium rates for certain properties; established a four-year phase-in, after the first year, in annual 20% increments, of full actuarial rates for a newly mapped risk premium rate area; instructed FEMA to establish new flood insurance rate maps; allowed multi-family properties to purchase NFIP policies; and introduced minimum deductibles for flood claims. Many market participants anticipated that that these reforms could increase the role of private risk-bearing capital in respect of U.S. flood perils, a coverage we provide globally, perhaps significantly. In March 2014, the U.S. Congress passed a bill entitled the “Homeowner Flood Insurance Affordability Act of 2014” (the “the Grimm-Waters Act”), which amends, delays or defers some of the provisions of Biggert-Waters Bill, as summarized in more detail in “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Current Outlook, Legislative and Regulatory Update”. We believe that the passage of the Grimm-Waters Act has had an adverse impact on near term prospects for increased U.S. private flood insurance demand, the stability of the NFIP and the primary insurers that produce policies for the NFIP or offer private coverages, and it is possible that additional adverse legislation or rulemaking will be enacted at the federal or state level.

Internationally, in the wake of recent large natural catastrophes, a number of proposals have been introduced to alter the financing of natural catastrophes in several of the markets in which we operate. For example, the Thailand government has announced it is studying proposals for a natural catastrophe fund, under which the government would provide coverage for natural disasters in excess of an industry retention and below a certain limit, after which private reinsurers would continue to participate. The government of the Philippines has announced that it is considering similar proposals. A range of proposals from varying stakeholders have been reported to have been made to alter the current regimes for insuring flood risk in the U.K., flood risk in Australia and earthquake risk in New Zealand. If these proposals are enacted and reduce market opportunities for our clients or for the reinsurance industry, we could be adversely impacted. See “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Current Outlook, Legislative and Regulatory Update” for further information.

Other political, regulatory and industry initiatives could adversely affect our business.

The insurance and reinsurance regulatory framework is subject to heavy scrutiny by the U.S. and individual state governments as well as an increasing number of international authorities. Government regulators are generally concerned with the protection of policyholders to the exclusion of other constituencies, including shareholders. Governmental authorities in both the U.S. and worldwide seem increasingly interested in the potential risks posed by the reinsurance industry as a whole, and to commercial and financial systems in general. While we do not believe these inquiries have identified meaningful new risks posed by the reinsurance industry, and we cannot predict the exact nature, timing or scope of possible governmental initiatives, we believe it is likely there will be increased regulatory intervention in our industry in the future. For example, the U.S. federal government has increased its scrutiny of the insurance regulatory framework in recent years (including as specifically addressed in the Dodd-Frank Act), and some state legislators have considered or enacted laws that will alter and likely increase state regulation of insurance and reinsurance companies and holding companies. Moreover, the NAIC, which is an association of the insurance commissioners of all 50 states and the District of Columbia and state insurance regulators, regularly reexamine existing laws and regulations. Due to this increased legislative and regulatory scrutiny on the reinsurance industry, our cost of compliance with applicable laws may increase, which could result in a decrease to both our profitability and the amount of time that our senior management allocates to running the day-to-day operations of the Company.

For example, we could be adversely affected by proposals or enacted legislation to:

- provide insurance and reinsurance capacity in markets and to consumers that we target, such as the legislation enacted in Florida in 2007 or the proposed federal legislation described above;

- expand the scope of coverage under existing policies for perils such as hurricanes or earthquakes or for a pandemic disease outbreak;
- increasingly mandate the terms of insurance and reinsurance policies;
- expand the proposed scope of the FIO or establish a new federal insurance regulator;
- revise laws, regulations, or contracts under which we operate;
- disproportionately benefit the companies of one country over those of another; or
- repeal or diminish the insurance company antitrust exemption from the McCarran Ferguson Act.

With respect to the Dodd-Frank Act, it is difficult to predict the extent to which this Act or the regulations resulting therefrom will impact our business. However, compliance with these new laws and regulations will result in additional costs, which may adversely impact our results of operations, financial condition or liquidity. Although we do not expect these costs to be material to the Company as a whole, we cannot assure you this expectation will prove accurate or that the Dodd-Frank Act or other legislation will not impact our business more adversely than we currently estimate.

While the timing for the implementation of Solvency II in the EU Member States by the European Commission remains uncertain, implementation of Solvency II will also require us to utilize a significant amount of resources to ensure compliance. The EU is in the process of considering the Solvency II equivalence of Bermuda's insurance regulatory and supervisory regime. The EU equivalence assessment considers whether Bermuda's regulatory regime provides a similar level of policyholder protection as provided under Solvency II. If Bermuda's insurance regulatory regime is not found equivalent, our reinsurance operations or our group solvency calculations could be adversely impacted. We are monitoring the ongoing legislative and regulatory steps following adoption of Solvency II. The principles, standards and requirements of Solvency II may also, directly or indirectly, impact the future supervision of additional operating subsidiaries of ours.

We are incorporated in Bermuda and are therefore subject to changes in Bermuda law and regulation that may have an adverse impact on our operations, including imposition of tax liability or increased regulatory supervision or change in regulation. In addition, we are subject to changes in the political environment in Bermuda, which could make it difficult to operate in, or attract talent to, Bermuda. The Bermuda insurance and reinsurance regulatory framework recently has become subject to increased scrutiny in many jurisdictions, including in the U.S. and in various states within the U.S. We are unable to predict the future impact on our operations of changes in the laws and regulations to which we are or may become subject. Moreover, our exposure to potential regulatory initiatives could be heightened by the fact that our current principal operating companies are domiciled in, and operate exclusively from, Bermuda. For example, Bermuda, a small jurisdiction, may be disadvantaged in participating in global or cross border regulatory matters as compared with larger jurisdictions such as the U.S. or the leading EU and Asian countries. In addition, Bermuda, which is currently an overseas territory of the U.K., may consider changes to its relationship with the U.K. in the future. These changes could adversely affect Bermuda or the international reinsurance market focused there, either of which could adversely impact us commercially. Further, as we continue to expand our business operations to different regions of the world outside of Bermuda, we are increasingly subject to new and additional regulations with respect to our operations, including, for example, laws relating to anti-corruption and anti-bribery which have received increased scrutiny in recent years.

We operate in a highly competitive environment.

The reinsurance industry is highly competitive. We compete, and will continue to compete, with major U.S. and non-U.S. insurers and property catastrophe reinsurers, including other Bermuda-based reinsurers. Many of our competitors have greater financial, marketing and management resources than we do. Historically, periods of increased capacity levels in our industry generally have led to increased competition, and decreased prices for our products.

We believe that our principal competitors in the property catastrophe reinsurance market include other companies active in the Bermuda market, currently including ACE Limited, Allied World Assurance Company, AG, Arch

Capital Group Ltd., Aspen Insurance Holdings Limited, Axis Capital Holdings Limited, Endurance Specialty Holdings Ltd., Everest Re Group, Ltd., Hamilton Re Ltd. (“Hamilton Re”), Montpelier Re Holdings Ltd., PartnerRe Ltd., Third Point Reinsurance Ltd. (“Third Point”), Validus Holdings, Ltd., White

Mountains Insurance Group, Ltd. and XL Group plc, as well as a growing number of private, unrated reinsurers offering predominately collateralized reinsurance. We also compete with certain Lloyd’s syndicates active in the London market, as well as with a number of other industry participants, such as American International Group, Inc., Berkshire Hathaway Inc., Hannover Rückversicherung AG (“Hannover Re”), Ironshore Inc., Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (“Munich Re”) and Swiss Re Ltd. As our business evolves over time, we expect our competitors to change as well. Also, hedge funds, pension funds, endowments, investment banks and investment managers (such as Nephila Capital Ltd.) are increasingly active in the reinsurance market, either through the formation of reinsurance companies (which include Greenlight Reinsurance Ltd. and new Bermuda-based entrants, including Aeolus Re Ltd., AQR Re Management Ltd., Hamilton Re, Swan Re Ltd. and Third Point) or through the use of other financial products, such as catastrophe bonds, other insurance-linked securities and collateralized reinsurance investment funds. In addition, we may not be aware of other companies that may be planning to enter the reinsurance market or of existing companies that may be planning to raise additional capital. We cannot predict what effect any of these developments may have on our businesses.

Consolidation in the (re)insurance industry could adversely impact us.

The (re)insurance industry has been consolidating, several significant consolidations recently have been announced, and we believe that several other (re)insurance industry participants are seeking to consolidate. Should the market continue to consolidate, there can be no assurance that we would remain a leading insurer and property catastrophe reinsurer. These consolidated client and competitor enterprises may try to use their enhanced market power to negotiate price reductions for our products and services and/or obtain a larger market share through increased line sizes. If competitive pressures reduce our prices, we would generally expect to reduce our future underwriting activities thus resulting in reduced premiums and a reduction in expected earnings. As the insurance industry consolidates, competition for customers will become more intense and the importance of sourcing and properly servicing each customer will become greater. We could incur greater expenses relating to customer acquisition and retention, further reducing our operating margins. In addition, insurance companies that merge may be able to spread their risks across a consolidated, larger capital base so that they require less reinsurance. The number of companies offering retrocessional reinsurance may decline. Reinsurance intermediaries could also continue to consolidate, potentially adversely impacting our ability to access business and distribute our products. We could also experience more robust competition from larger, better capitalized competitors. Any of the foregoing could adversely affect our business or our results of operation.

The Organization for Economic Cooperation and Development (the “OECD”) and the EU may pursue measures that might increase our taxes and reduce our net income.

The OECD has published reports and launched a global dialogue among member and non-member countries on measures to limit harmful tax competition. These measures are largely directed at counteracting the effects of jurisdictions perceived by the OECD to be tax havens or to offer preferential tax regimes. The OECD has not listed Bermuda as an uncooperative tax haven jurisdiction because Bermuda has committed to eliminating harmful tax practices and to embracing international tax standards for transparency, exchange of information and the elimination of any aspects of the regimes for financial and other services that attract business with no substantial domestic activity. We are not able to predict what changes will arise from the commitment or whether such changes will subject us to additional taxes.

Regulatory regimes and changes to accounting rules may adversely impact financial results irrespective of business operations.

Accounting standards and regulatory changes may require modifications to our accounting principles, both prospectively and for prior periods and such changes could have an adverse impact on our financial results. In particular, the SEC continues to discuss the potential to either converge or transition to an international set of accounting standards that would be applied to financial statements filed with the SEC. Such changes, if ultimately adopted, could have a significant impact on our financial reporting. In addition, the International Accounting Standards Board is considering adopting accounting standards that would require all reinsurance and insurance contracts to be accounted for under a new measurement basis, which standards are considered to be more closely related to fair value than the current measurement basis and the FASB is contemplating new disclosure requirements related to reinsurance and insurance accounting. We are currently evaluating how the above initiatives will impact us. Required modification of our existing principles, and new disclosure requirements, either with respect to these issues or other issues in the

future, could have an impact on our results of operations and increase our expenses in order to implement and comply with any new requirements.

Heightened scrutiny of issues and practices in the insurance industry may adversely affect our business.

Certain governmental authorities, including state officials in Florida, New York and Connecticut, as well as U.S. federal agencies, have from time to time scrutinized and investigated a number of issues and practices within the insurance and reinsurance industry. It is possible such scrutiny could expand to include us in the future, and it is also possible that these investigations or related regulatory developments will mandate or otherwise give rise to changes in industry practices in a fashion that increases our costs or requires us to alter how we conduct our business.

We cannot predict the ultimate effect that these investigations, and any changes in industry practice, including future legislation or regulations that may become applicable to us, will have on the insurance industry, the regulatory framework, or our business.

As noted above, because we frequently assume the credit risk of the counterparties with whom we do business throughout our insurance and reinsurance operations, our results of operations could be adversely affected if the credit quality of these counterparties is severely impacted by investigations in the insurance industry or by changes to industry practices.

Risks Related to the Merger

Failure to complete the Merger with Platinum could negatively impact our future business and financial results, and could adversely impact our ability to execute our strategy.

The Merger Agreement contains a number of conditions precedent that must be satisfied or waived prior to the completion of the Merger, including approval of the Merger by Platinum shareholders. There are no assurances that all of the conditions to the Merger will be so satisfied or waived. If the conditions to the Merger are not satisfied or waived, then RenaissanceRe may be unable to complete the Merger.

Additionally, in approving the Merger Agreement and the Statutory Merger Agreement, the form of which is attached as Exhibit A to the Merger Agreement, and the transactions contemplated thereby, the board of directors of RenaissanceRe considered a number of factors and potential benefits, including, its belief that the acquisition of Platinum’s business will further RenaissanceRe’s strategy to produce superior returns for its shareholders over the long-term by pursuing market leadership in segments where leadership is derived from superior underwriting. If the Merger is not completed, RenaissanceRe nor its shareholders will realize these and other anticipated benefits of the Merger. Moreover, RenaissanceRe would have nevertheless incurred substantial fees and costs, such as legal, accounting and financial advisor fees, and the loss of management time and resources.

Each of RenaissanceRe and Platinum will be exposed to underwriting and other business risks during the period that each party’s business continues to be operated independently from the other.

Until completion of the Merger, each of RenaissanceRe and Platinum will operate independently from the other in accordance with such party’s distinct underwriting guidelines, investment policies, referral processes, authority levels and risk management policies and practices. As a result, during this period, Platinum may assume risks that RenaissanceRe would not have assumed for itself, accept premiums that, in RenaissanceRe’s judgment, do not adequately compensate it for the risks assumed, make investment decisions that would not adhere to RenaissanceRe’s investment policies or otherwise make business decisions or take on exposure that, while consistent with Platinum’s general business approach and practices, are not the same as those of RenaissanceRe. Significant delays in completing the Merger will materially increase the risk that Platinum will operate its business in a manner that differs from how the business would have been conducted by RenaissanceRe.

Several “investigations of the merger” have been announced by law firms in connection with the possible commencement of a lawsuit against Platinum challenging the Merger, and if any such lawsuit is filed, an adverse ruling may prevent the Merger from being completed.

Several “investigations of the merger” have been announced by law firms in connection with the possible commencement of a lawsuit against Platinum, as well as the members of Platinum’s board of directors, challenging the directors’ actions in connection with the Merger Agreement. Any such lawsuit would be

expected to seek, among other things, injunctive relief to enjoin the defendants from completing the Merger on the agreed-upon terms. Additionally, on January 16, 2015, Platinum's board of directors received a letter from counsel to a purported shareholder of Platinum, alleging certain breaches of fiduciary duties by Platinum's board of directors in connection with the negotiation and approval of the Merger Agreement, demanding that Platinum's board of directors take certain actions and reserving the right to commence legal action against Platinum and its board of directors.

One of the conditions to the closing of the Merger is that no order, injunction, decree or law shall be in effect that prohibits completion of the Merger. Consequently, if any such lawsuit is commenced and a settlement or other resolution is not reached and the plaintiffs secure injunctive or other relief prohibiting or otherwise adversely affecting RenaissanceRe and Platinum's ability to complete the Merger, then such injunctive or other relief may prevent the Merger from becoming effective within the expected timeframe or at all.

Risks Related to RenaissanceRe Following the Merger

The integration of RenaissanceRe and Platinum following the Merger may present significant challenges and costs.

RenaissanceRe may face significant challenges, including technical, accounting and other challenges, in combining RenaissanceRe's and Platinum's operations. RenaissanceRe entered into the Merger Agreement because it believes that the Merger will be beneficial to it and its shareholders. Achieving the anticipated benefits of the Merger will depend in part upon whether RenaissanceRe will be successful in integrating Platinum's businesses in a timely and efficient manner. RenaissanceRe may not be able to accomplish this integration process smoothly or successfully, and it may incur unanticipated costs in connection with obtaining regulatory consents and approvals required to complete the Merger, which could also adversely affect its ability to integrate the operations of Platinum into RenaissanceRe or could reduce the anticipated benefits of the Merger.

Any of the following items could adversely affect the combined company's ability to maintain relationships with customers, brokers, employees and other constituencies or RenaissanceRe's ability to achieve the anticipated benefits of the Merger or could otherwise adversely affect the business and financial results of RenaissanceRe after the Merger:

- delays in the integration of management teams, strategies, operations, products and services;
- diversion of the attention of management as a result of the Merger;
- differences in business backgrounds, corporate cultures and management philosophies that may delay successful integration;
- the inability to retain key employees;
- the inability to establish and maintain integrated risk management systems, underwriting methodologies and controls, which could give rise to excess accumulation or aggregation of risks, underreporting or underrepresentation of exposures or other adverse consequences;
- the inability to create and enforce uniform financial, compliance and operating controls, procedures, policies and information systems;
- complexities associated with managing Platinum's operating units as a component of RenaissanceRe, including the challenge of integrating complex systems, technology, networks and other assets of Platinum into those of RenaissanceRe in a seamless manner that minimizes any adverse impact on customers, brokers, employees and other constituencies;
- potential unknown liabilities and unforeseen increased expenses or delays associated with the Merger, including one-time cash costs to integrate Platinum beyond current estimates; and
- the disruption of, or the loss of momentum in, the combined company's ongoing businesses or inconsistencies in standards, controls, procedures and policies.

In addition, RenaissanceRe will incur integration and restructuring costs following the completion of the Merger as it integrates the businesses of Platinum. Although RenaissanceRe expects that the realization of efficiencies related to the integration of the businesses will offset incremental transaction, integration and

restructuring costs over time, RenaissanceRe cannot give any assurance that this net benefit will be achieved at any time in the future.

RenaissanceRe's future results will suffer if it does not effectively manage its expanded operations following the Merger.

Following completion of the Merger, RenaissanceRe may continue to expand its operations and its future success depends, in part, upon its ability to manage its expansion opportunities, which pose numerous risks and uncertainties, including the need to integrate the operations and business of Platinum into its existing business in an efficient and timely manner, to combine systems and management controls and to integrate relationships with customers, vendors and business partners.

The price of RenaissanceRe Common Shares after the Merger will be affected by factors different from those affecting the price of RenaissanceRe Common Shares or the value of Platinum Common Shares before the Merger.

As the businesses and business strategies of RenaissanceRe and Platinum are different, the results of operations as well as the price of RenaissanceRe Common Shares following the Merger may be affected by factors different from those factors affecting RenaissanceRe or Platinum as independent stand-alone entities. For example, a greater portion of the gross written premiums of RenaissanceRe have historically been attributed to writing catastrophe coverage, which is typically characterized by loss events that are low frequency but high severity, than Platinum, which in comparison has written a greater percentage of its gross premiums providing casualty coverage, which is typically characterized by a relatively higher frequency but lower severity of loss events. For a discussion of RenaissanceRe's businesses see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

The market price of RenaissanceRe Common Shares may decline in the future as a result of the sale of such shares held by former Platinum shareholders or current RenaissanceRe shareholders or due to other factors.

RenaissanceRe will issue an aggregate of 7.5 million RenaissanceRe Common Shares to Platinum shareholders (including for this purpose each holder of Platinum equity awards who has the right to make the election) in the Merger. Upon the receipt of RenaissanceRe Common Shares as Merger Consideration, former holders of Platinum Common Shares may seek to sell the RenaissanceRe Common Shares delivered to them. Current RenaissanceRe shareholders may also seek to sell RenaissanceRe Common Shares held by them following, or in anticipation of, consummation of the Merger. These sales (or the perception that these sales may occur), coupled with the increase in the outstanding number of RenaissanceRe Common Shares, may affect the market for, and the market price of, RenaissanceRe Common Shares in an adverse manner. None of these shareholders are subject to a "lock-up" or "market stand off" agreement.

The market price of RenaissanceRe Common Shares may also decline in the future as a result of the Merger for a number of other reasons, including:

- the unsuccessful integration of Platinum into RenaissanceRe;
- the failure of RenaissanceRe to achieve the anticipated benefits of the Merger, including financial results, as rapidly as or to the extent anticipated;
- decreases in RenaissanceRe's financial results before or after the closing of the Merger;
- as described below, any failure to maintain RenaissanceRe's financial strength, claims-paying and enterprise-wide risk management ratings as a result of the Merger; or
- general market or economic conditions unrelated to RenaissanceRe's performance.

These factors are, to some extent, beyond the control of RenaissanceRe.

The Merger may result in a ratings downgrade of RenaissanceRe or its insurance affiliates, which may result in a material adverse effect on RenaissanceRe's business, financial condition and operating results, as well as the market price of RenaissanceRe Common Shares following the Merger.

Ratings with respect to claims-paying ability and financial strength are important factors in maintaining customer confidence in RenaissanceRe and its ability to market insurance and reinsurance products and

compete with other insurance and reinsurance companies. Rating organizations regularly analyze the financial performance and condition of insurers and reinsurers. RenaissanceRe holds the highest possible enterprise risk management rating of “Very Strong” from S&P, and has held the highest possible enterprise risk management rating from S&P for as long as S&P has provided such ratings. RenaissanceRe and its operating subsidiaries continue to receive high claims-paying and financial strength ratings from S&P, A.M. Best, Moody’s and Fitch. Subsequent to the announcement of the Merger, S&P and Fitch affirmed the ratings of RenaissanceRe and the operating subsidiaries of RenaissanceRe, with a stable outlook, and A.M. Best and Moody’s affirmed the ratings of RenaissanceRe and the operating subsidiaries of RenaissanceRe, and placed the ratings under review with negative implications. See “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Capital Resources, Ratings” for the ratings of our principal operating subsidiaries and joint ventures by segment, and details of recent ratings actions.

While RenaissanceRe anticipates that its other financial strength and claims-paying ratings will be affirmed subsequent to the closing of the Merger, there is no guarantee that such affirmations will occur. In connection with the completion of the Merger, any of these ratings agencies may reevaluate RenaissanceRe’s ratings.

Following the Merger, any ratings downgrades, or the potential for ratings downgrades, of RenaissanceRe or its subsidiaries could adversely affect RenaissanceRe’s ability to market and distribute products and services and successfully compete in the marketplace, which could have a material adverse effect on its business, financial condition and operating results, as well as the market price for RenaissanceRe Common Shares. For example, a downgrade may increase RenaissanceRe’s cost of borrowing, may negatively impact RenaissanceRe’s ability to raise additional debt capital, may negatively impact RenaissanceRe’s ability to successfully compete in the marketplace and may negatively impact the willingness of counterparties to deal with RenaissanceRe, each of which could have a material adverse effect on the business, financial condition and results of operations of RenaissanceRe following the Merger and the market value of RenaissanceRe Common Shares. In addition, most of the reinsurance contracts of each of RenaissanceRe’s and Platinum’s reinsurance subsidiaries contain provisions that would allow ceding companies to terminate the contract or demand security following a downgrade in financial strength ratings below specified levels by one or more rating agencies. RenaissanceRe cannot predict the extent to which this termination right would be exercised, if at all; however, the effect of such termination could have a significant and negative effect on RenaissanceRe’s financial condition and results of operations following the Merger. Even in the absence of contractual provisions, numerous cedents and brokers prefer to secure coverage or assign preferential allocations to the highest rated reinsurers, and accordingly, any decrease in ratings could adversely affect the ability of the combined company to access the businesses it will seek to underwrite.

The completion of the Merger and the post-integration Merger process may subject RenaissanceRe to liabilities that currently cannot be estimated.

We have incurred significant transaction and integration costs in connection with our planned acquisition of Platinum, and, if we succeed in consummating the Merger, we will incur additional costs and expenses. These costs relate to matters including investment banking fees; legal, actuarial and other professional fees; employee severance and sign-on costs, regulatory filing fees; and a range of other matters, which we currently estimate in the aggregate may ultimately exceed $50.0 million. Moreover, the Merger and post-merger integration process may give rise to unexpected liabilities and costs, including financing costs and costs associated with the defense and resolution of possible litigation or other claims. Unexpected delays in completing the Merger or in connection with the post-merger integration process may significantly increase our aggregate related costs and expenses.

RenaissanceRe will be subject to certain contractual restrictions while the Merger is pending, which could limit RenaissanceRe’s opportunities.

The Merger Agreement requires RenaissanceRe to act generally in the ordinary course of business and restricts RenaissanceRe, without the consent of Platinum, from taking certain specified actions until the proposed Merger occurs or the Merger Agreement terminates, including restrictions on the ability of RenaissanceRe to issue, deliver or sell any additional shares or any securities convertible into shares (other than in connection with the satisfaction of certain tax withholding obligations or pursuant to the conversion of pre-existing convertible securities), or to take certain other actions which would reasonably be expected

to prevent or to impede, interfere with, hinder or delay in any material respect the consummation of the Merger. These restrictions may prevent RenaissanceRe from pursuing otherwise attractive business opportunities, exploring potentially attractive opportunities for strategic transactions or inorganic growth, or from making other changes to its business before completion of the Merger or, if the Merger is not completed, termination of the Merger Agreement, which might otherwise be expected by RenaissanceRe to be in the interest of its shareholders, including future shareholders of the combined company.

Following the Merger, RenaissanceRe will become subject to certain laws and regulations applicable to Platinum's business to which it would not otherwise have been subject.

Platinum U.S., Platinum's U.S.-based reinsurance subsidiary, is subject to the requirements of certain regulatory agencies and bodies, including the Maryland Insurance Administration, to which RenaissanceRe's operations are not currently subject. Following the Merger, the operations of Platinum U.S. will continue as part of the surviving company and, accordingly, RenaissanceRe will become subject to the laws and regulations applicable to such operations. Among other things, RenaissanceRe may be impacted by requirements under Maryland laws or regulations, including requirements that may be imposed by the Maryland Insurance Administration, in respect of the capital, operations or liquidity of Platinum U.S. For example, we will be required to be responsive to the Maryland Insurance Administration's requests for financial and other information concerning RenaissanceRe and all of our subsidiaries. Moreover, we will be required to obtain regulatory approval of certain agreements between Platinum U.S. and ourselves or any of our subsidiaries. Also, any person who intends to acquire 10% or more of our outstanding voting securities will need to comply with Maryland's laws requiring filing of prior notice and receiving prior approval before such acquisition. In addition, costs associated with understanding and complying with the regulations and requirements imposed by the Maryland Insurance Administration, as well as any changes or amendments to such regulations, will result in increased costs or burdens for RenaissanceRe as a result of the Merger. It is difficult to predict or quantify the additional costs to RenaissanceRe that may result from complying with the additive regulatory requirements imposed by the regulatory agencies with oversight authority over the operations to be acquired in the Merger.

Uncertainties associated with the Merger may cause a loss of key employees which could adversely affect the future business, operations and financial results of RenaissanceRe following the Merger.

The success of RenaissanceRe after the Merger will depend in part upon the ability of RenaissanceRe to retain key employees. Competition for qualified personnel can be intense. In addition, key employees may depart because of issues relating to the uncertainty or difficulty of integration or a desire not to remain with RenaissanceRe after the Merger. Accordingly, no assurance can be given that RenaissanceRe will be able to attract, retain or motivate key employees or qualified new employees to provide their services to RenaissanceRe following the Merger. If key employees depart because of issues relating to the uncertainty and difficulty of integration, RenaissanceRe's business could be adversely impacted.

Platinum's counterparties to contracts and arrangements may acquire certain rights upon the Merger, which could negatively affect RenaissanceRe following the Merger.

In analyzing the value of Platinum, RenaissanceRe ascribed meaningful value to the revenue streams and renewal prospects of Platinum's in-force portfolio of business, particularly the casualty business, written by Platinum U.S. Platinum and its operating subsidiaries are parties to numerous contracts, agreements, licenses, permits, authorizations and other arrangements that contain provisions giving counterparties certain rights (including, in some cases, termination rights) upon a "change in control" of Platinum or its subsidiaries. The definition of "change in control" varies from contract to contract, ranging from a narrow to a broad definition, and in some cases, the "change in control" provisions may be implicated by the Merger. If such "change in control" provisions are triggered as a result of the Merger, a wide range of consequences may result, including the possibility that cedents will have the right to cancel and commute a contract, or the requirement that Platinum return unearned premiums, net of commissions, or post certain collateral requirements.

Whether a counterparty would have any of these or other rights in connection with the Merger depends upon the language of its agreement with Platinum or its applicable subsidiaries. Whether a counterparty exercises any cancellation rights it has would depend on, among other factors, such counterparty's views with respect to the financial strength and business reputation of RenaissanceRe following the Merger, the extent to which such counterparty currently has reinsurance coverage with RenaissanceRe's affiliates, the

prevailing market conditions, the pricing and availability of replacement reinsurance coverage and RenaissanceRe's ratings following the Merger. RenaissanceRe cannot currently predict the extent to which such cancellation rights would be triggered or exercised, if at all.

In addition to the fact that a significant portion of Platinum's in-force reinsurance contracts contain special termination provisions that may be triggered following a change in control, many of these reinsurance contracts, as well as most reinsurance and insurance contracts of RenaissanceRe's, renew annually, and so whether or not they may be terminated following the Merger, reinsurance cedents or policyholders may choose not to renew these contracts with RenaissanceRe following the Merger.

Termination of in-force contracts or failure to renew reinsurance or insurance agreements and policies by contractual counterparties could adversely affect the benefits to be received by RenaissanceRe from Platinum's contractual arrangements. If the benefits from these arrangements are less than expected, including as a result of these arrangements being terminated, determined to be unenforceable, in whole or in part, or the counterparties to such arrangements failing to satisfy their obligations thereunder, the benefits of the Merger to RenaissanceRe may be significantly less than anticipated.

Following the Merger, RenaissanceRe may require additional capital in the future, which may not be available to it on satisfactory terms as a result of the Merger, if at all.

Following the Merger, RenaissanceRe will require liquidity to pay claims, fund its operating expenses, make interest and principal payments on its debt and pay dividends. In anticipation of these liquidity needs, after successful closing of the Merger, RenaissanceRe intends to issue $300.0 million in debt to replace the short term alternative financing used to fund a portion of the cash component of the aggregate consideration paid by RenaissanceRe.

Any future debt financing may not be available on terms that are favorable to RenaissanceRe, if at all. Markets in the U.S., Europe and elsewhere have experienced extreme volatility and disruption in recent years due to financial stresses that affected the liquidity of the financial markets. These circumstances have at times reduced access to the public and private debt markets. If RenaissanceRe cannot obtain adequate sources of financing on favorable terms, or at all, its business, operating results and financial condition could be adversely affected.

In addition, in connection with the Merger, approval from the counterparties to Platinum's credit facilities may be necessary to the extent RenaissanceRe determines to keep such credit facilities in effect upon the completion of the Merger. There can be no assurance that the approvals by counterparties to Platinum's credit facilities, if required, will be obtained. If RenaissanceRe is unable to obtain such approvals, it may be forced to find alternative sources of financing (including through debt or equity financings), such financing may not be available, or, if available, may be on unfavorable terms, which could adversely affect the business and financial condition of RenaissanceRe.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease office space in Bermuda, which houses our executive offices and operations for our Catastrophe Reinsurance, Specialty Reinsurance and Lloyd's segments. Certain U.S. based subsidiaries lease office space in a number of U.S. states. Certain of our subsidiaries also lease office space in London, U.K., Dublin, Ireland and Singapore. While we believe that for the foreseeable future our current office space is sufficient for us to conduct our operations, it is likely that we will expand into additional facilities and perhaps new locations to accommodate future growth, including in connection with the potential acquisition of Platinum. To date, the cost of acquiring and maintaining our office space has not been material to us as a whole.

ITEM 3. LEGAL PROCEEDINGS

We and our 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 our business ventures. Our operating subsidiaries are subject to claims litigation involving, among other things, disputed interpretations of policy coverages. Generally, our direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than our 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 our subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in our loss and loss expense reserves which are discussed in its loss reserves discussion. In addition, we may from time to time engage in litigation or arbitration related to claims for payment in respect of ceded reinsurance, including disputes that challenge our ability to enforce our underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to us or not doing so on a timely basis. We 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, we believe that no individual litigation or arbitration to which we are presently a party is likely to have a material adverse effect on our financial condition, business or operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER REPURCHASES OF EQUITY SECURITIES

PRICE RANGE OF COMMON SHARES

Our common shares began publicly trading on June 27, 1995 on the New York Stock Exchange (“NYSE”) under the symbol “RNR.” The following table sets forth, for the periods indicated, the high and low prices per share of our common shares as reported in composite NYSE trading:

	Price Range of Common Shares	
	High	Low
2014		
First Quarter	$98.00	$89.64
Second Quarter	107.51	95.90
Third Quarter	108.99	95.93
Fourth Quarter	103.57	94.24
2013		
First Quarter	$92.23	$79.83
Second Quarter	95.00	82.50
Third Quarter	90.68	83.19
Fourth Quarter	97.53	89.90

On February 18, 2015, the last reported sale price for our common shares was $103.44 per share and there were 115 holders of record of our common shares.

PERFORMANCE GRAPH

The following graph compares the cumulative return on our common shares, including reinvestment of our dividends on our common shares to such return for the S&P 500 Composite Stock Price Index (“S&P 500”) and S&P’s Property-Casualty Industry Group Stock Price Index (“S&P P/C”), for the five-year period commencing January 1, 2010 and ending December 31, 2014, assuming $100 was invested on January 1, 2010. Each measurement point on the graph below represents the cumulative shareholder return as measured by the last sale price at the end of each calendar year during the period from January 1, 2010 through December 31, 2014. As depicted in the graph below, during this period, the cumulative return was (1) 96.3% on our common shares; (2) 105.1% for the S&P 500; and (3) 108.9% for the S&P P&C.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN

DIVIDEND POLICY

Historically, we have paid dividends on our common shares every quarter, and have increased our dividend during each year since our initial public offering. The Board of Directors declared regular quarterly dividends of $0.29 per common share to shareholders of record on March 14, June 13, September 15 and December 15, 2014, respectively. The Board of Directors declared regular quarterly dividends of $0.28 per common share to shareholders of record on March 15, June 14, September 13 and December 13, 2013, respectively. On February 19, 2015, RenaissanceRe’s Board of Directors approved an increased dividend of $0.30 per common share, payable on March 31, 2015, to shareholders of record on March 13, 2015. The declaration and payment of dividends are subject to the discretion of the Board and depend on, among other things, our financial condition, general business conditions, legal, contractual and regulatory restrictions regarding the payment of dividends by us and our subsidiaries and other factors which the Board may in the future consider to be relevant.

ISSUER REPURCHASES OF EQUITY SECURITIES

Our 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 November 13, 2014, RenaissanceRe's Board of Directors approved a renewal of the authorized share repurchase program for an aggregate amount of $500.0 million and the entire amount remained available at December 31, 2014. Unless terminated earlier by resolution of RenaissanceRe's Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The table below details the repurchases that were made under the program during the three months ended December 31, 2014, and also includes other shares purchased which represents withholdings from employees surrendered in respect of withholding tax obligations on the vesting of restricted stock, or in lieu of cash payments for the exercise price of employee stock options.

	Total shares purchased		Other shares purchased		Shares purchased under repurchase program		Dollar amount still available under repurchase program (in millions)
	Shares purchased	Average price per share	Shares purchased	Average price per share	Shares purchased	Average price per share	
Beginning dollar amount available to be repurchased							$ 365.3
October 1 - 31, 2014	358,419	$ 99.54	—	$—	358,419	$ 99.54	(35.7)
November 1 - 13, 2014	171	$ 102.06	171	$ 102.06	—	$—	—
November 13, 2014 - renewal of authorized share repurchase program of $500.0 million							170.4
Dollar amount available to be repurchased							500.0
November 14 - 30, 2014	4,781	$ 101.09	4,781	$ 101.09	—	$—	—
December 1 - 31, 2014	—	$—	—	$—	—	$—	—
Total	363,371	$ 99.56	4,952	$ 101.12	358,419	$ 99.54	$ 500.0

In the future, we may adopt additional trading plans or authorize purchase activities under the remaining authorization, which the Board of Directors may increase in the future. During 2014, the Company repurchased an aggregate of 5.4 million common shares in open market transactions at an aggregate cost of $514.2 million and at an average share price of $96.04.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected consolidated financial data and other financial information at the end of and for each of the years in the five-year period ended December 31, 2014. Comparative figures for 2010 have not been reclassified for discontinued operations. See "Note 3. Discontinued Operations in our Notes to Consolidated Financial Statements" for additional information regarding discontinued operations. The selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes thereto and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this filing and all other information appearing elsewhere or incorporated into this filing by reference.

Year ended December 31,	2014	2013	2012	2011	2010
(in thousands, except share and per share data and percentages)					
Statements of Operations Data:					
Gross premiums written	$1,550,572	$1,605,412	$1,551,591	$1,434,976	$1,165,295
Net premiums written	1,068,236	1,203,947	1,102,657	1,012,773	848,965
Net premiums earned	1,062,416	1,114,626	1,069,355	951,049	864,921
Net investment income	124,316	208,028	165,725	146,871	212,081
Net realized and unrealized gains on investments	41,433	35,076	163,121	43,956	136,318
Net other-than-temporary impairments	—	—	(343)	(552)	(829)
Net claims and claim expenses incurred	197,947	171,287	325,211	861,179	129,345
Acquisition expenses	144,476	125,501	113,542	97,376	94,961
Operational expenses	190,639	191,105	179,151	169,661	166,042
Underwriting income (loss)	529,354	626,733	451,451	(177,167)	474,573
Income (loss) from continuing operations	686,256	839,346	765,425	(38,833)	798,482
Income (loss) from discontinued operations	—	2,422	(16,476)	(51,559)	62,670
Net income (loss)	686,256	841,768	748,949	(90,392)	861,152
Net income (loss) available (attributable) to RenaissanceRe common shareholders	510,337	665,676	566,014	(92,235)	702,613
Income (loss) from continuing operations available (attributable) to RenaissanceRe common shareholders per common share – diluted	12.60	14.82	11.56	(0.82)	11.18
Net income (loss) available (attributable) to RenaissanceRe common shareholders per common share – diluted	12.60	14.87	11.23	(1.84)	12.31
Dividends per common share	1.16	1.12	1.08	1.04	1.00
Weighted average common shares outstanding – diluted	39,968	44,128	49,603	50,747	55,641

Return on average common equity	14.9 %	20.5 %	17.7 %	(3.0)%	21.7 %
Combined ratio	50.2 %	43.8 %	57.8 %	118.6 %	45.1 %

At December 31,	2014	2013	2012	2011	2010
Balance Sheet Data:					
Total investments	$6,743,750	$6,821,712	$6,355,394	$6,202,001	$6,100,212
Total assets	8,203,550	8,179,131	7,928,628	7,744,912	8,138,278
Reserve for claims and claim expenses	1,412,510	1,563,730	1,879,377	1,992,354	1,257,843
Unearned premiums	512,386	477,888	399,517	347,655	286,183
Debt	249,522	249,430	349,339	349,247	549,155
Capital leases	26,817	27,138	27,428	25,366	25,706
Preferred shares	400,000	400,000	400,000	550,000	550,000
Total shareholders’ equity attributable to RenaissanceRe	3,865,715	3,904,384	3,503,065	3,605,193	3,936,325
Common shares outstanding	38,442	43,646	45,542	51,543	54,110
Book value per common share	$90.15	$80.29	$68.14	$59.27	$62.58
Accumulated dividends	14.28	13.12	12.00	10.92	9.88
Book value per common share plus accumulated dividends	$104.43	$93.41	$80.14	$70.19	$72.46
Change in book value per common share plus change in accumulated dividends	13.7 %	19.5 %	16.8 %	(3.6)%	23.0 %

ITEM 7. 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 2014, compared to 2013, and 2013, compared to 2012, respectively. The following also includes a discussion of our liquidity and capital resources at December 31, 2014. This discussion and analysis should be read in conjunction with the audited consolidated financial statements and notes thereto included in this filing. 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 was established in Bermuda in 1993 to write principally property catastrophe reinsurance and today 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 Company's financial performance, and believe we have delivered superior performance in respect of this measure over time.

Our core products include property catastrophe reinsurance, which we primarily write through our principal operating subsidiary Renaissance Reinsurance, Syndicate 1458, and joint ventures, principally DaVinci, Top Layer Re and Upsilon RFO; specialty reinsurance risks written through Renaissance Reinsurance, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S., Syndicate 1458 and DaVinci; and certain insurance products primarily written through Syndicate 1458 or on an excess and surplus lines basis. We believe that 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 substantial 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 that 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 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.

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, 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 reflects our strategic investments; investments unit; corporate expenses; capital servicing costs; noncontrolling interests; results of our discontinued operations; and the remnants of our Bermuda-based insurance. Refer to “Part I, Item 1. Business, Segments” for more information about our segments.

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. Refer to “Part I, Item 1. Business, New Business” for more information about new business.

Risk Management

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

Since 1993, 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. REMS© was originally developed to analyze catastrophe risks, though we continuously seek ways to enhance the system in order to analyze other classes of risk. For information related to Risk Management, refer to “Part I, Item 1. Business, Underwriting and Enterprise Risk Management”.

Platinum Acquisition

On November 24, 2014, we announced that RenaissanceRe and Platinum entered into the Merger Agreement under which RenaissanceRe will acquire Platinum. The transaction will benefit the combined companies' clients through an expanded product offering and broker relationships and will accelerate the growth of our U.S. specialty and casualty reinsurance platform. The agreement has been unanimously approved by both companies' Board of Directors and, if approved by Platinum shareholders, the transaction is expected to close on March 2, 2015. Platinum has scheduled a special meeting of shareholders to consider and vote upon the proposed acquisition and related matters on February 27, 2015. There can be no assurance that the Merger will occur.

Upon completion of the Merger, Platinum Common Shares (other than dissenting shares) shall be canceled and converted into the right to receive, at the election of the holder thereof in accordance with the terms of the Merger Agreement, (i) Cash Election Consideration, (ii) the Share Election Consideration, or (iii) the Standard Election Consideration, in each case less applicable withholding taxes and plus cash in lieu of any fractional RenaissanceRe Common Shares such Platinum shareholders would otherwise be entitled to receive. The number of RenaissanceRe Common Shares to be issued to Platinum shareholders as consideration for the Merger is 7.5 million, and each of the Cash Election Consideration and the Share Election Consideration is subject to proration if the un-prorated aggregate share consideration is less than or greater than, respectively, 7.5 million RenaissanceRe Common Shares. All Platinum Common Shares that are held by Platinum as treasury stock or held by any wholly owned subsidiary of Platinum, or owned by RenaissanceRe or any wholly owned subsidiary of RenaissanceRe immediately before the Merger, will be canceled and no payment will be made in respect thereof.

In addition, the Merger Agreement requires that, subject to applicable laws, following the date of approval and adoption of the Merger Agreement by the Platinum shareholders and prior to the Effective Time (as defined in the Merger Agreement), Platinum shall declare and pay the Special Dividend of $10.00 per Platinum Common Share to the holders of record of outstanding Platinum Common Shares as of a record date for the Special Dividend to be set as designated by Platinum's board of directors. On February 10, 2015, Platinum announced that the Special Dividend would be payable prior to the effective time of the Merger on the closing date of the Merger to Platinum shareholders of record at the close of business on the last business day prior to the closing date, which Special Dividend is conditioned on the Merger having been approved by the shareholders of Platinum at the special meeting of its shareholders on February 27, 2015 (or any adjournment or postponement thereof).

The aggregate consideration for the transaction is expected to be approximately $1.9 billion, comprised of the Special Dividend, the issuance of 7.5 million RenaissanceRe Common Shares, and cash consideration. We anticipate funding the cash consideration to be paid by RenaissanceRe from available cash resources, the liquidation of certain of our fixed maturity investments trading, and short term alternative financing. Following the closing of the Merger, if such closing occurs, we intend to issue $300.0 million in debt to replace the short term alternative financing used to fund part of the cash consideration to be paid by RenaissanceRe. However, there can be no assurance that we will be able to secure adequate sources of financing on favorable terms. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Impact of Platinum Acquisition on Liquidity and Capital Resources" for additional information.

Discontinued Operations

REAL

On August 30, 2013, we entered into a purchase agreement with a subsidiary of Munich to sell REAL. REAL offered certain derivative-based risk management products primarily to address weather and energy risk and engaged in hedging and trading activities related to those transactions. On October 1, 2013, we closed the sale of REAL to Munich. We have classified the assets and liabilities associated with this transaction as held for sale and, at December 31, 2014 and 2013, there were no remaining assets or liabilities related to REAL included on our consolidated balance sheets. The financial results for these operations have been presented in our consolidated financial statements as "discontinued operations" for all periods presented. Except as explicitly described as held for sale or as discontinued operations, and unless

otherwise noted, all discussions and amounts presented herein relate to our continuing operations. Prior years presented have been reclassified to conform to this new presentation.

Consideration for the transaction was $60.0 million, paid in cash at closing, subject to post-closing adjustments for certain tax and other items. We recorded a loss on sale of $8.8 million in conjunction with the sale, including related direct expenses in our consolidated statement of operations for the year ended December 31, 2013. We have no further ongoing commitments or obligations pursuant to the purchase agreement. Refer to “Note 3. Discontinued Operations in our Notes to Consolidated Financial Statements”, for additional information.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

Claims and Claim Expense Reserves

General Description

We believe the most significant accounting judgment made by management is our estimate of claims and claim expense reserves. Claims and claim expense reserves represent estimates, including actuarial and statistical projections at a given point in time, of the ultimate settlement and administration costs for unpaid claims and claim expenses arising from the insurance and reinsurance contracts we sell. We establish our claims and claim expense reserves by taking claims reported to us by insureds and ceding companies, but which have not yet been paid (“case reserves”), adding the costs for additional case reserves (“additional case reserves”) which represent our estimates for claims previously reported to us which we believe may not be adequately reserved as of that date, and adding estimates for the anticipated cost of IBNR.

The following table summarizes our claims and claim expense reserves by line of business and split between case reserves, additional case reserves and IBNR:

At December 31, 2014	Case Reserves	Additional Case Reserves	IBNR	Total
(in thousands)				
Catastrophe Reinsurance	$253,431	$150,825	$138,411	$542,667
Specialty Reinsurance	106,293	79,457	357,960	543,710
Lloyd’s	65,295	14,168	204,984	284,447
Other	5,212	2,354	34,120	41,686
Total	$430,231	$246,804	$735,475	$1,412,510
At December 31, 2013				
(in thousands)				
Catastrophe Reinsurance	$430,166	$177,518	$173,303	$780,987
Specialty Reinsurance	113,188	81,251	311,829	506,268
Lloyd’s	45,355	14,265	158,747	218,367
Other	14,915	2,324	40,869	58,108
Total	$603,624	$275,358	$684,748	$1,563,730

Activity in the liability for unpaid claims and claim expenses is summarized as follows:

Year ended December 31,	2014	2013	2012
(in thousands)			
Net reserves as of January 1	$1,462,705	$1,686,865	$1,588,325
Net incurred related to:			
Current year	341,745	315,241	483,180
Prior years	(143,798)	(143,954)	(157,969)
Total net incurred	197,947	171,287	325,211
Net paid related to:			
Current year	39,830	32,212	84,056
Prior years	275,006	363,235	142,615
Total net paid	314,836	395,447	226,671
Net reserves as of December 31	1,345,816	1,462,705	1,686,865
Reinsurance recoverable as of December 31	66,694	101,025	192,512
Gross reserves as of December 31	$1,412,510	$1,563,730	$1,879,377

Our reserving methodology for each line of business uses a loss reserving process that calculates a point estimate for the Company's ultimate settlement and administration costs for claims and claim expenses. We do not calculate a range of estimates. We use this point estimate, along with paid claims and case reserves, to record our best estimate of additional case reserves and IBNR in our consolidated financial statements. Under GAAP, we are not permitted to establish estimates for catastrophe claims and claim expense reserves until an event occurs that gives rise to a loss. Reserving for our reinsurance claims involves other uncertainties, such as the dependence on information from ceding companies, which among other matters, includes the time lag inherent in reporting information from the primary insurer to us or to our ceding companies and differing reserving practices among ceding companies. The information received from ceding companies is typically in the form of bordereaux, broker notifications of loss and/or discussions with ceding companies or their brokers. This information can be received on a monthly, quarterly or transactional basis and normally includes estimates of paid claims and case reserves. We sometimes also receive an estimate or provision for IBNR. This information is often updated and adjusted from time to time during the loss settlement period as new data or facts in respect of initial claims, client accounts, industry or event trends may be reported or emerge in addition to changes in applicable statutory and case laws.

Our estimates of losses from large events are based on factors including currently available information derived from the Company's claims information from certain customers and brokers, industry assessments of losses from the events, proprietary models, and the terms and conditions of our contracts. The uncertainty of our estimates for large events is also impacted by the preliminary nature of the information available, the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided to the relevant date by industry participants and the potential for further reporting lags or insufficiencies; and in certain large events, significant uncertainty as to the form of the claims and legal issues, under the relevant terms of insurance and reinsurance contracts. In addition, a significant portion of the net claims and claim expenses associated with Storm Sandy and the New Zealand and Tohoku Earthquakes are concentrated with a few large clients and therefore the loss estimates for these events may vary significantly based on the claims experience of those clients. Loss reserve estimation in respect of our retrocessional contracts poses further challenges compared to directly assumed reinsurance. There is inherent uncertainty and complexity in evaluating loss reserve levels and reinsurance recoverable amounts, due to the nature of the losses relating to earthquake events, including that loss development time frames tend to take longer with respect to earthquake events. The contingent nature of business interruption and other exposures will also impact losses in a meaningful way, especially in respect of our current reserves with regard to Storm Sandy, the Tohoku Earthquake and the Thailand Floods, which we believe may give rise to significant complexity in respect of claims handling, claims adjustment and other coverage issues, over time. Given the magnitude and relatively recent occurrence of these large events, meaningful uncertainty remains regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying our loss estimates. In

addition, our actual net losses from these events may increase if our reinsurers or other obligors fail to meet their obligations.

Because of the inherent uncertainties discussed above, we have developed a reserving philosophy which attempts to incorporate prudent assumptions and estimates, and we have generally experienced favorable net development on prior accident years net claims and claim expenses in the last several years. However, there is no assurance that this favorable development on prior accident years net claims and claim expenses will occur in future periods.

Prior Year Development of Reserve for Net Claims and Claim Expenses

Our estimates of claims and claim expense reserves are not precise in that, among other matters, they are based on predictions of future developments and estimates of future trends and other variable factors. Some, but not all, of our reserves are further subject to the uncertainty inherent in actuarial methodologies and estimates. Because a reserve estimate is simply an insurer's estimate at a point in time of its ultimate liability, and because there are numerous factors which affect reserves and claims payments that cannot be determined with certainty in advance, our ultimate payments will vary, perhaps materially, from our estimates of reserves. If we determine in a subsequent period that adjustments to our previously established reserves are appropriate, such adjustments are recorded in the period in which they are identified.

As detailed in the table and discussed in further detail below, changes to prior year estimated claims reserves increased our net income by $143.8 million during the year ended December 31, 2014, (2013 - $144.0 million, 2012 - $158.0 million), excluding the consideration of changes in reinstatement premium, profit commissions, redeemable noncontrolling interest - DaVinciRe, equity in net claims and claim expenses of Top Layer Re and income tax.

Year ended December 31,	2014	2013	2012
(in thousands)			
Catastrophe	$(65,511)	$(102,037)	$(110,568)
Specialty	(55,909)	(34,111)	(34,146)
Lloyd's	(16,241)	(8,256)	(16,202)
Other	(6,137)	450	2,947
Total favorable development of prior accident years net claims and claim expenses	$(143,798)	$(143,954)	$(157,969)

Our reserving techniques, assumptions and processes differ between our Catastrophe Reinsurance, Specialty Reinsurance and Lloyd's segments. Following is a discussion of the risks we insure and reinsure, the reserving techniques, assumptions and processes we follow to estimate our claims and claim expense reserves, our current estimates versus our initial estimates of our claims reserves, and the sensitivity analysis we apply with respect to our key reserving judgments for each of our segments.

Catastrophe Reinsurance Segment

Within our Catastrophe Reinsurance segment, we principally write property catastrophe excess of loss reinsurance contracts to insure insurance and reinsurance companies against natural and man-made catastrophes. Under these contracts, we indemnify an insurer or reinsurer when its aggregate paid claims and claim expenses from a single occurrence of a covered peril exceed the attachment point specified in the contract, up to an amount per loss specified in the contract. In recent periods, our catastrophe-exposed proportional reinsurance product offerings have grown and may continue to grow in the future. Our most significant exposure is to losses from earthquakes and hurricanes and other windstorms, although we are also exposed to claims arising from other catastrophes, such as tsunamis, freezes, floods, fires, tornadoes, explosions and acts of terrorism. Our predominant exposure under such coverage is to property damage. However, other risks, including business interruption and other non-property losses, may also be covered under our property catastrophe reinsurance contracts when arising from a covered peril. Our coverages are offered on either a worldwide basis or are limited to selected geographic areas.

Coverage can also vary from “all property” perils to limited coverage on selected perils, such as “earthquake only” coverage. We also enter into retrocessional contracts that provide property catastrophe coverage to other reinsurers or retrocedants. This coverage is generally in the form of excess of loss retrocessional contracts and may cover all perils and exposures on a worldwide basis or be limited in scope to selected geographic areas, perils and/or exposures. The exposures we assume from retrocessional business can change within a contract term as the underwriters of a retrocedant may alter their book of business after the retrocessional coverage has been bound. We also offer dual trigger reinsurance contracts which require us to pay claims based on claims incurred by insurers and reinsurers in addition to the estimate of insured industry losses as reported by referenced statistical reporting agencies.

Our property catastrophe reinsurance business is generally characterized by loss events of low frequency and high severity. Initial reporting of paid and incurred claims in general, tends to be relatively prompt. We consider this business “short-tail” as compared to the reporting of claims for “long-tail” products, which tends to be slower. However, the timing of claims payment and reporting also varies depending on various factors, including: whether the claims arise under reinsurance of primary insurance companies or reinsurance of other reinsurance companies; the nature of the events (e.g., hurricanes, earthquakes or terrorism); the geographic area involved; post-event inflation which may cause the cost to repair damaged property to increase significantly from current estimates, or for property claims to remain open for a longer period of time, due to limitations on the supply of building materials, labor and other resources; complex policy coverage and other legal issues; and the quality of each client’s claims management and reserving practices. Management’s judgments regarding these factors are reflected in our reserve for claims and claim expenses.

Reserving for most of our property catastrophe reinsurance business does not involve the use of traditional actuarial techniques. Rather, claims and claim expense reserves are estimated by management after a catastrophe occurs by completing an in-depth analysis of the individual contracts which may potentially be impacted by the catastrophic event. The in-depth analysis generally involves: 1) estimating the size of insured industry losses from the catastrophic event; 2) reviewing our portfolio of reinsurance contracts to identify those contracts which are exposed to the catastrophic event; 3) reviewing information reported by customers and brokers; 4) discussing the event with our customers and brokers; and 5) estimating the ultimate expected cost to settle all claims and administrative costs arising from the catastrophic event on a contract-by-contract basis and in aggregate for the event. Once an event has occurred, during the then current reporting period we record our best estimate of the ultimate expected cost to settle all claims arising from the event. Our estimate of claims and claim expense reserves is then determined by deducting cumulative paid losses from our estimate of the ultimate expected loss for an event and our estimate of IBNR is determined by deducting cumulative paid losses, case reserves and additional case reserves from our estimate of the ultimate expected loss for an event. Once we receive a notice of loss or payment request under a catastrophe reinsurance contract, we are generally able to process and pay such claims promptly.

Because the events from which claims arise under policies written by our property catastrophe reinsurance business are typically prominent, public occurrences such as hurricanes and earthquakes, we are often able to use independent reports as part of our loss reserve estimation process. We also review catastrophe bulletins published by various statistical reporting agencies to assist us in determining the size of the industry loss, although these reports may not be available for some time after an event. In addition to the loss information and estimates communicated by cedants and brokers, we also use industry information which we gather and retain in our REMS© modeling system. The information stored in our REMS© modeling system enables us to analyze each of our policies in relation to a loss and compare our estimate of the loss with those reported by our policyholders. The REMS© modeling system also allows us to compare and analyze individual losses reported by policyholders affected by the same loss event. Although the REMS© modeling system assists with the analysis of the underlying loss and provides us with the information and ability to perform increased analysis, the estimation of claims resulting from catastrophic events is inherently difficult because of the variability and uncertainty associated with property catastrophe claims and the unique characteristics of each loss.

For smaller events including localized severe weather events such as windstorms, hail, ice, snow, flooding, freezing and tornadoes, which are not necessarily prominent, public occurrences, we initially place greater reliance on catastrophe bulletins published by statistical reporting agencies to assist us in determining what events occurred during the reporting period than we do for large events. This includes reviewing

catastrophe bulletins published by Property Claim Services for U.S. catastrophes. We set our initial estimates of reserves for claims and claim expenses for these smaller events based on a combination of our historical market share for these types of losses and the estimate of the total insured industry property losses as reported by statistical reporting agencies, although we may make significant adjustments based on our current exposure to the geographic region involved as well as the size of the loss and the peril involved. This approach supplements our approach for estimating losses for larger catastrophes, which as discussed above, includes discussions with brokers and ceding companies, reviewing individual contracts impacted by the event, and modeling the loss in our REMS© system. Approximately one year from the date of loss for these small events, we typically estimate IBNR for these events by using the paid Bornhuetter-Ferguson actuarial method. The loss development factors for the paid Bornhuetter-Ferguson actuarial method are selected based on a review of our historical experience and these factors are reviewed at least annually. There were no changes to our paid loss development factors over the last three years.

In general, our property catastrophe reinsurance reserves for our more recent reinsured catastrophic events are subject to greater uncertainty and, therefore, greater potential variability, and are likely to experience material changes from one period to the next. This is due to the uncertainty as to the size of the industry losses from the event, uncertainty as to which contracts have been exposed to the catastrophic event, uncertainty due to complex legal and coverage issues that can arise out of large or complex catastrophic events such as the events of September 11, 2001, Hurricane Katrina and Storm Sandy, and uncertainty as to the magnitude of claims incurred by our customers. As our property catastrophe reinsurance claims age, more information becomes available and we believe our estimates become more certain, although there is no assurance this trend will continue in the future.

Prior Year Development of Reserve for Net Claims and Claim Expenses

Within our property catastrophe reinsurance business, we seek to review substantially all of our claims and claim expense reserves quarterly. Our quarterly review procedures include identifying events that have occurred up to the latest balance sheet date, determining our best estimate of the ultimate expected cost to settle all claims and administrative costs associated with those new events which have arisen during the reporting period, reviewing the ultimate expected cost to settle claims and administrative costs associated with those events which occurred during previous periods, and considering new estimation techniques, such as additional actuarial methods or other statistical techniques, that can assist us in developing a best estimate. This process is judgmental in that it involves reviewing changes in paid and reported losses each period and adjusting our estimates of the ultimate expected losses for each event if there are developments that are different from our previous expectations. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified. As noted above, the level of our claims and claim expenses associated with certain catastrophes can be very large. As a result, small percentage changes in the estimated ultimate claims from large catastrophe events can significantly impact our reserves for claims and claim expenses in subsequent periods.

The following table details the development of our liability for unpaid claims and claim expenses for the Catastrophe Reinsurance segment for the year ended December 31, 2014:

Year ended December 31, 2014	Catastrophe Reinsurance Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Storm Sandy (2012)	$(20,104)
April and May U.S. Tornadoes (2011)	(13,939)
Thailand Floods (2011)	(9,254)
Hurricanes Gustav and Ike (2008)	(6,647)
Hurricane Irene (2011)	(4,506)
Windstorm Kyrill (2007)	(3,615)
Tohoku Earthquake and Tsunami (2011)	(3,489)
New Zealand Earthquake (2010)	24,692
Other	(10,644)
Total large catastrophe events	(47,506)
Small catastrophe events	
European Floods (2013)	(7,552)
U.S. PCS 24 Wind and Thunderstorm (2013)	(6,712)
U.S. PCS 70 and 73 Wind and Thunderstorm (2012)	13,362
Other	(17,103)
Total small catastrophe events	(18,005)
Total favorable development of prior accident years net claims and claim expenses	$(65,511)

The favorable development of prior accident years net claims and claim expenses within the Company’s Catastrophe Reinsurance segment in 2014 of $65.5 million was comprised of $47.5 million and $18.0 million related to large and small catastrophe events, respectively. Included in the favorable development of prior accident years net claims and claim expenses related to large catastrophe events was $20.1 million, $13.9 million, $9.3 million and $6.6 million related to Storm Sandy, the 2011 April and May U.S. Tornadoes, the 2011 Thailand Floods and the 2008 Hurricanes (Gustav and Ike), partially offset by adverse development of $24.7 million related to the 2010 New Zealand Earthquake, each principally the result of changes in estimated ultimate losses for each respective event. Included in the favorable development of prior accident years net claims and claim expenses related to small catastrophe events was $7.6 million and $6.7 million related to the 2013 European Floods and a 2013 U.S. wind and thunderstorm event, respectively, partially offset by adverse development of $13.4 million related to certain 2012 U.S. wind and thunderstorm events, each principally the result of changes in estimated ultimate losses for each respective event.

The following table details the development of our liability for unpaid claims and claim expenses for the Catastrophe Reinsurance segment for the year ended December 31, 2013:

Year ended December 31, 2013	Catastrophe Reinsurance Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Storm Sandy (2012)	$(44,460)
Tohoku Earthquake and Tsunami (2011)	(18,033)
Hurricanes Gustav and Ike (2008)	(16,261)
New Zealand Earthquake (2011)	(10,944)
Windstorm Kyrill (2007)	(8,244)
Hurricane Isaac (2012)	2,610
New Zealand Earthquake (2010)	11,040
Other	(776)
Total large catastrophe events	(85,068)
Small catastrophe events	
U.S. PCS 83 Wind and Thunderstorm (2012)	(3,500)
U.S. PCS 76 Wind and Thunderstorm (2012)	(300)
U.S. PCS 70 Wind and Thunderstorm (2012)	8,225
Other	(21,394)
Total small catastrophe events	(16,969)
Total favorable development of prior accident years net claims and claim expenses	$(102,037)

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in 2013 of $102.0 million was primarily due to $44.5 million, $18.0 million, $16.3 million and $10.9 million of favorable development related to reductions in the expected ultimate net loss for Storm Sandy, the Tohoku Earthquake, the 2008 Hurricanes (Gustav and Ike) and the 2011 New Zealand Earthquake, respectively, as reported claims came in better than expected, and $34.2 million of net favorable development related to a number of other catastrophes principally the result of reported claims coming in less than expected, resulting in decreases to the ultimate claims for these events through the application of our formulaic actuarial reserving methodology. Partially offsetting the reductions noted above was adverse development on the 2010 New Zealand Earthquake, U.S. PCS 70 and Hurricane Isaac of $11.0 million,$8.2 million and $2.6 million, respectively, associated with an increase in reported gross ultimate losses.

The following table details the development of our liability for unpaid claims and claim expenses for our Catastrophe Reinsurance segment for the year ended December 31, 2012:

Year ended December 31, 2012	Catastrophe Reinsurance Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Chile Earthquake (2010)	$(24,575)
Hurricanes Gustav and Ike (2008)	(17,541)
U.K. Floods (2007)	(17,271)
Hurricanes Katrina, Rita and Wilma (2005)	(6,420)
Hurricane Irene (2011)	(4,630)
Thailand Floods (2011)	(3,933)
Tohoku Earthquake and Tsunami (2011)	(3,896)
Windstorm Kyrill (2007)	(3,417)
New Zealand Earthquake (2010)	3,570
New Zealand Earthquake (2011)	17,912
Other	(2,542)
Total large catastrophe events	(62,743)
Small catastrophe events	
Danish Floods (2011)	(5,000)
U.S. PCS 63 Winter Storm (2011)	(5,000)
U.S. PCS 42 Winter Storm (2011)	(2,560)
U.S. PCS 53 Winter Storm (2011)	(2,558)
Other	(32,707)
Total small catastrophe events	(47,825)
Total favorable development of prior accident years claims and claim expenses	$(110,568)

The favorable development of prior accident years claims and claim expenses within our Catastrophe Reinsurance segment in 2012 of $110.6 million was primarily due to net reductions of $84.2 million arising from the estimated ultimate claims of large catastrophe events, including the 2010 Chilean Earthquake, the 2008 Hurricanes (Gustav and Ike), the 2007 U.K. Flooding, the 2005 Hurricanes, Hurricane Irene of 2011, the 2011 Thailand Floods and the Tohoku Earthquake, as reported claims came in better than expected. The remainder of the favorable development of prior accident years claims and claim expenses of $47.8 million was due to a reduction in ultimate claims on a number of relatively small catastrophes, all principally the result of reported claims coming in less than expected, principally resulting in formulaic decreases to the ultimate claims for these events. Partially offsetting the reductions noted above was a $17.9 million and $3.6 million increase in net claims and claim expenses from the 2011 and 2010 New Zealand Earthquake, respectively, primarily as a result of increased cedant gross ultimate loss estimates.

Actual Results vs. Initial Estimates

The table below summarizes our initial assumptions and changes in those assumptions for claims and claim expense reserves within our Catastrophe Reinsurance segment. As discussed above, the key assumption in estimating reserves for our Catastrophe Reinsurance segment is our estimate of ultimate claims and claim expenses. The table shows our initial estimates of ultimate claims and claim expenses for each accident year and how these initial estimates have developed over time. The initial estimate of accident year claims and claim expenses represents our estimate of the ultimate settlement and administration costs for claims incurred from catastrophic events occurring during a particular accident year, and as reported as of December 31 of that year. The re-estimated ultimate claims and claim expenses as of December 31,

2012, 2013 and 2014, represent our revised estimates as reported as of those dates. The cumulative favorable (adverse) development shows how our most recent estimates as reported at December 31, 2014 differ from our initial accident year estimates. Favorable development implies that our current estimates are lower than our initial estimates while adverse development implies that our current estimates are higher than our original estimates. Total reserves as of December 31, 2014 reflect the unpaid portion of our estimates of gross ultimate claims and claim expenses. The table is presented on a gross basis and therefore does not include the benefit of reinsurance recoveries. It also does not consider the impact of loss related premium or redeemable noncontrolling interest – DaVinciRe.

Actual vs. Initial Estimated Property Catastrophe Reinsurance Claims and Claim Expense Reserve Analysis

(in thousands, except percentages)		Re-estimated Claims and Claim Expenses as of December 31,						
Accident Year	Initial Estimate of Accident Year Claims and Claim Expenses	2012	2013	2014	Cumulative Favorable (Adverse) Development	% Decrease (Increase) from Initial Ultimate	Claims and Claim Expense Reserves as of December 31, 2014	% of Claims and Claim Expenses Unpaid as of December 31, 2014
1994	$100,816	$137,130	$137,093	$137,074	$(36,258)	(36.0)%	$ 186	0.1%
1995	72,561	61,345	61,404	61,394	11,167	15.4%	5	—%
1996	67,671	45,219	45,217	45,206	22,465	33.2%	—	—%
1997	43,050	9,041	9,041	9,039	34,011	79.0%	3	—%
1998	129,171	152,038	152,016	151,818	(22,647)	(17.5)%	322	0.2%
1999	267,981	197,849	197,703	197,692	70,289	26.2%	204	0.1%
2000	54,600	17,787	17,747	17,767	36,833	67.5%	24	0.1%
2001	257,285	201,140	200,558	198,556	58,729	22.8%	4,984	2.5%
2002	155,573	65,118	65,008	64,867	90,706	58.3%	20	—%
2003	126,312	67,608	67,398	68,449	57,863	45.8%	1,029	1.5%
2004	762,392	815,915	814,704	814,742	(52,350)	(6.9)%	168	—%
2005	1,473,974	1,263,198	1,260,825	1,260,219	213,755	14.5%	830	0.1%
2006	121,754	58,392	57,456	56,536	65,218	53.6%	253	0.4%
2007	245,892	116,568	107,872	102,824	143,068	58.2%	3,570	3.5%
2008	599,481	455,909	436,055	426,337	173,144	28.9%	6,834	1.6%
2009	90,800	42,288	40,905	39,728	51,072	56.2%	1,249	3.1%
2010	385,207	321,522	332,845	361,340	23,867	6.2%	143,486	39.7%
2011	1,243,138	1,246,752	1,218,178	1,175,774	67,364	5.4%	172,937	14.7%
2012	345,776	345,776	284,279	262,639	83,137	24.0%	96,043	36.6%
2013	133,187	—	133,187	107,602	25,585	19.2%	52,484	48.8%
2014	89,034	—	—	89,034	—	—%	58,036	65.2%
	$6,765,655	$5,620,595	$5,639,491	$5,648,637	$1,117,018	16.7%	$ 542,667	9.6%

As quantified in the table above, since the inception of the Company in 1993, while we have experienced adverse development from time to time, on a cumulative basis we have experienced $1.1 billion of net favorable development on the run-off of our gross reserves within our Catastrophe Reinsurance segment. This represents 16.7% of our initial estimated gross claims and claim expenses for accident years 2013 and prior of $6.7 billion and is calculated based on our estimates of claims and claim expense reserves as of December 31, 2014, compared to our initial estimates of ultimate claims and claim expenses, as of the end of each accident year. As described above, given the complexity in reserving for claims and claims expenses associated with catastrophe losses for property catastrophe excess of loss reinsurance contracts, we have experienced development, both favorable and unfavorable, in any given accident year. For example, our 2005 accident year developed favorably by $213.8 million, which is 14.5% better than our initial estimates of claims and claim expenses for the 2005 accident year as estimated as of December 31, 2005, while our 2004 accident year developed unfavorably by $52.4 million, or negative 6.9%. On a net basis, our cumulative favorable or unfavorable development is generally reduced by offsetting changes in our reinsurance recoverables, as well as changes to loss related premiums such as reinstatement premiums, and redeemable noncontrolling interest for changes in claims and claim expenses that impact

DaVinciRe, all of which generally move in the opposite direction to changes in our ultimate claims and claim expenses.

The percentage of claims unpaid at December 31, 2014 for each accident year reflects both the speed at which claims and claim expenses for each accident year have been paid and our estimate of claims and claim expenses for that accident year. As seen above, claims and claim expenses for the 2009 and prior accident years have generally been paid. This is driven in part by the mix of our business, which primarily included property catastrophe excess of loss reinsurance for personal lines property coverage, rather than commercial property coverage or retrocessional coverage, and the speed of the settlement and payment of claims by our underlying cedants. In contrast, the 2010 accident year includes losses from the 2010 New Zealand Earthquake, among other events, which have complex issues associated with establishing our estimate of ultimate claims and claim expenses, including the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided to the relevant date by industry participants and the potential for further reporting lags or insufficiencies, and as a result the unpaid net claims and claim expenses as a percentage of re-estimated claims and claim expenses as of December 31, 2014 remains relatively high at 39.7% for the 2010 accident year. In addition, as noted in the table above, the percentage of claims and claims expenses unpaid as of December 31, 2014 related to more recent years, such as 2012 through 2014, range from 36.6% to 65.2%, with higher percentages driven by the recency of these accident years, combined with the complexity surrounding claims of our underlying cedants and the nature of the events, such as Storm Sandy.

Sensitivity Analysis

The table below shows the impact on our ultimate claims and claim expenses, net income and shareholders' equity as of and for the year ended December 31, 2014 of reasonably likely changes to our estimates of ultimate losses for claims and claim expenses incurred from catastrophic events within our Catastrophe Reinsurance segment. The reasonably likely changes are based on an historical analysis of the period-to-period variability of our ultimate costs to settle claims from catastrophic events, giving due consideration to changes in our reserving practices over time. In general, our claim reserves for our more recent catastrophic events are subject to greater uncertainty and, therefore, greater variability and are likely to experience material changes from one period to the next. This is due to the uncertainty as to the size of the industry losses from the event, uncertainty as to which contracts have been exposed to the catastrophic event, and uncertainty as to the magnitude of claims incurred by our clients. As our claims age, more information becomes available and we believe our estimates become more certain, although there is no assurance this trend will continue in the future. As a result, the sensitivity analysis below is based on the age of each accident year, our current estimated ultimate claims and claim expenses for the catastrophic events occurring in each accident year, and the reasonably likely variability of our current estimates of claims and claim expenses by accident year. The impact on net income and shareholders' equity assumes no increase or decrease in reinsurance recoveries, loss related premium or redeemable noncontrolling interest – DaVinciRe.

Property Catastrophe Reinsurance Claims and Claim Expense Reserve Sensitivity Analysis

(in thousands, except percentages)	Ultimate Claims and Claim Expenses at December 31, 2014	$ Impact of Change on Ultimate Claims and Claim Expenses at December 31, 2014	% Impact of Change on Reserve for Claims and Claim Expenses at December 31, 2014	% Impact of Change on Net Income for the Year Ended December 31, 2014	% Impact of Change on Shareholders' Equity at December 31, 2014
Higher	$ 5,909,691	$261,054	18.5 %	(38.0)%	(6.8)%
Recorded	5,648,637	—	— %	— %	— %

Lower	$ 5,387,583	$(261,054)	(18.5)%	38.0%	6.8%

We believe the changes we made to our estimated ultimate claims and claim expenses represent reasonably likely outcomes based on our experience to date and our future expectations. While we believe these are reasonably likely outcomes, we do not believe the reader should consider the above sensitivity analysis an actuarial reserve range. In addition, the sensitivity analysis only reflects reasonably likely

changes in our underlying assumptions. It is possible that our estimated ultimate claims and claim expenses could be significantly higher or lower than the sensitivity analysis described above. For example, we could be liable for events for which we have not estimated claims and claim expenses or for exposures we do not currently believe are covered under our policies. These changes could result in significantly larger changes to our estimated ultimate claims and claim expenses, net income and shareholders' equity than those noted above. We also caution the reader that the above sensitivity analysis is not used by management in developing our reserve estimates and is also not used by management in managing the business.

Specialty Reinsurance Segment

Within our Specialty Reinsurance segment, we write a number of reinsurance lines such as aviation, casualty clash, catastrophe exposed personal lines property, crop, energy, financial, mortgage guaranty, political risk, surety, terrorism, trade credit, certain other casualty lines including directors and officers liability, general liability, professional indemnity, and other specialty lines of reinsurance that we collectively refer to as specialty reinsurance. We offer our specialty reinsurance products principally on an excess of loss basis, as described above with respect to our property catastrophe reinsurance products, and we also provide specialty protection or proportional coverage which we expect to grow on an absolute or relative basis within this segment in the future. In a proportional reinsurance arrangement (also referred to as quota share reinsurance or pro rata reinsurance), the reinsurer shares a proportional part of the original premiums and losses of the reinsured. We offer our specialty reinsurance products to insurance companies and other reinsurance companies and provide coverage for specific geographic regions or on a worldwide basis.

Our Specialty Reinsurance segment can generally be characterized as providing coverage for low frequency and high severity losses, similar to our property catastrophe reinsurance business. As with our property catastrophe reinsurance business, our specialty reinsurance contracts frequently provide coverage for relatively large limits or exposures. As a result of the foregoing, our specialty reinsurance business is subject to significant claims volatility. In periods of low claims frequency or severity, our results will generally be favorably impacted while in periods of high claims frequency or severity our results will generally be negatively impacted. We have more recently positioned RenaissanceRe Specialty Risks and RenaissanceRe Specialty U.S. to accept a wider range of quota share risks, facilitating our efforts to expand trading relationships with core clients via separate, highly-rated balance sheets. While we remain focused on underwriting discipline, and are seeking to remain focused on opportunities amenable to stochastic representation and supported by strong data and analytics, this expanded product suite through RenaissanceRe Specialty Risks and RenaissanceRe Specialty U.S. may pose new, unmodelled or unforeseen risks for which we may not be adequately compensated and may also result in a higher level of attritional claims and claim expenses.

Our processes and methodologies in respect of loss estimation for the coverages we offer through our specialty reinsurance operation differ from those used for our property catastrophe-oriented coverages. For example, our specialty reinsurance coverages are more likely to be impacted by factors such as long-term inflation and changes in the social and legal environment, which we believe gives rise to greater uncertainty in our claims reserves. Moreover, in reserving for our specialty reinsurance coverages we do not generally have the benefit of a significant amount of our own historical experience in certain lines of business and may have little or no related corporate reserving history in new lines of business. We believe this makes our Specialty Reinsurance segment reserving subject to greater uncertainty than our Catastrophe Reinsurance segment.

When initially developing our reserving techniques for our specialty reinsurance coverages, we considered estimating reserves utilizing several actuarial techniques such as paid and reported loss development methods. We elected to use the Bornhuetter-Ferguson actuarial method because this method is appropriate for lines of business, such as our specialty reinsurance business, where there is a lack of historical claims experience. This method allows for greater weight to be applied to expected results in periods where little or no actual experience is available, and, hence, is less susceptible to the potential pitfall of being excessively swayed by one year or one quarter of actual paid and/or reported loss data. This method uses initial expected loss ratio expectations to the extent that the expected paid or reported losses are zero, and it assumes that past experience is not fully representative of the future. As our reserves for claims and claim expenses age, and actual claims experience becomes available, this method places less weight on expected experience and places more weight on actual experience. This experience, which represents the difference between expected reported claims and actual reported claims is reflected in the

respective reporting period as a change in estimate. We reevaluate our actuarial reserving techniques on a periodic basis. In future periods, if we enter lines of business where we have the benefit of a significant amount of historical claims data, we will consider using additional actuarial techniques, such as the incurred loss development factors method, the expected loss ratio method, the booked loss ratio method, the paid Bornhuetter-Ferguson actuarial method and the paid loss development method, in addition to the incurred Bornhuetter-Ferguson actuarial method, and we will consider utilizing several of these methods as a way to develop our best estimate of the ultimate costs associated with these lines of business.

The utilization of the Bornhuetter-Ferguson actuarial method requires us to estimate an expected ultimate claims and claim expense ratio and select an expected loss reporting pattern. We select our estimates of the expected ultimate claims and claim expense ratios and expected loss reporting patterns by reviewing industry results for similar business and adjusting for the terms of the coverages we offer. The estimated expected claims and claim expense ratio may be modified to the extent that reported losses at a given point in time differ from what would be expected based on the selected loss reporting pattern. Our estimate of IBNR is the product of the premium we have earned, the initial expected ultimate claims and claim expense ratio and the percentage of estimated unreported losses. Similar to the utilization of the Bornhuetter-Ferguson actuarial method, if we elect to use the additional actuarial methods noted above, we will be required to estimate loss ratios as well as paid and reported loss development patterns, and these actuarial assumptions would likely be based on historical paid and reported claims experience by line of business. In addition, certain of our specialty reinsurance coverages may be impacted by natural and man-made catastrophes. We estimate claim reserves for these losses after the event giving rise to these losses occurs, following a process that is similar to our Catastrophe Reinsurance segment described above.

Prior Year Development of Reserve for Net Claims and Claim Expenses

Within our specialty reinsurance business, we seek to review substantially all of our claims and claim expense reserves quarterly. Typically, our quarterly review procedures include reviewing paid and reported claims in the most recent reporting period, reviewing the development of paid and reported claims from prior periods, and reviewing our overall experience by underwriting year and in the aggregate. We monitor our expected ultimate claims and claim expense ratios and expected loss reporting assumptions on a quarterly basis and compare them to our actual experience. These actuarial assumptions are generally reviewed annually, based on input from our actuaries, underwriters, claims personnel and finance professionals, although adjustments may be made more frequently if needed. Assumption changes are made to adjust for changes in the pricing and terms of coverage we provide, changes in industry results for similar business, as well as our actual experience, to the extent we have enough data to rely on our own experience. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified.

The following table details the development of our liability for unpaid claims and claim expenses for our Specialty Reinsurance segment for the year ended December 31, 2014 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Year ended December 31, 2014	Specialty Reinsurance Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
LIBOR (2011 and 2012)	$(10,500)
Thailand Floods (2011)	(2,500)
Tohoku Earthquake and Tsunami (2011)	(1,642)
Subprime (2007)	5,049
Other	(1,826)
Total large catastrophe events	(11,419)
Total catastrophe net claims and claim expenses	$(11,419)
Attritional net claims and claim expenses	
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	$(44,490)
Total attritional net claims and claim expenses	$(44,490)
Total favorable development of prior accident years net claims and claim expenses	$(55,909)

The favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in 2014 of $55.9 million was comprised of $11.4 million and $44.5 million related to large catastrophe events and attritional net claims and claim expenses, respectively. Included in the favorable development of prior accident years net claims and claim expenses related to large catastrophe events was a $10.5 million reduction in estimated ultimate losses with respect to potential exposure to LIBOR related claims from prior accident years, partially offset by adverse development of $5.0 million from subprime related events from 2007 driven by reported claims from a number of cedants. Favorable development of prior accident years net claims and claim expenses of $44.5 million related to attritional net claims and claim expenses was driven by the application of our formulaic actuarial reserving methodology. There were no actuarial reserving assumption changes during 2014.

The following table details the development of our liability for unpaid claims and claim expenses for our Specialty Reinsurance segment for the year ended December 31, 2013 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Year ended December 31, 2013	Specialty Reinsurance Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Tohoku Earthquake and Tsunami (2011)	$(1,000)
New Zealand Earthquake (2010)	300
Other	(1,763)
Total large catastrophe events	(2,463)
Total catastrophe net claims and claim expenses	$(2,463)
Attritional net claims and claim expenses	
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	$(21,216)
Actuarial assumption changes	(10,432)
Total attritional net claims and claim expenses	$(31,648)
Total favorable development of prior accident years net claims and claim expenses	$(34,111)

The favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in 2014 of $34.1 million was primarily driven by $10.4 million associated with actuarial assumption changes in the first quarter of 2013, principally in our casualty clash and casualty risk lines of business, and primarily as a result of revised initial expected claims ratios and claim development factors due to actual experience coming in better than expected, and $23.7 million related to actual reported loss activity coming in better than expected, as a result of the application of our formulaic actuarial reserving methodology.
The following table details the development of our liability for unpaid net claims and claim expenses for our Specialty Reinsurance segment for the year ended December 31, 2012 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Year ended December 31, 2012	Specialty Reinsurance Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Hurricanes Katrina, Rita and Wilma (2005)	$(3,000)
Total catastrophe net claims and claim expenses	$(3,000)
Attritional net claims and claim expenses	
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	$(16,747)
Actuarial assumption changes	(14,399)
Total attritional net claims and claim expenses	$(31,146)
Total favorable development of prior accident years net claims and claim expenses	$(34,146)

The favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in the year ended December 31, 2012 of $34.1 million includes $14.4 million associated with actuarial assumption changes, principally in our casualty and medical malpractice lines of business, and primarily as a result of revised initial expected claims ratios and claim development factors due to actual experience coming in better than expected, $16.7 million related to actual reported loss

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activity coming in better than expected, as a result of the application of our formulaic actuarial reserving methodology, and $3.0 million due to a reduction in ultimate losses on the 2005 Hurricanes.

Actual Results vs. Initial Estimates

The table below summarizes our key actuarial assumptions in reserving for our Specialty Reinsurance segment. As noted above, the key actuarial assumptions include the estimated ultimate claims and claim expense ratios and the estimated loss reporting patterns. The table shows our initial estimates of the ultimate claims and claim expense ratio by underwriting year. The table shows how our initial estimates of these ratios have developed over time, with the re-estimated ratios reflecting a combination of the amount and timing of paid and reported losses compared to our initial estimates. The initial estimate is based on the actuarial assumptions that were in place at the end of that year. A decrease in the ultimate claims and claim expense ratio implies that our current estimates are lower than our initial estimates while an increase in the ultimate claims and claim expense ratio implies that our current estimates are higher than our initial estimates. The result would be a corresponding favorable impact on shareholders' equity and net income or a corresponding unfavorable impact on shareholders' equity and net income, respectively. The table also shows how our initial estimated ultimate claims and claim expense ratios have changed from one underwriting year to the next. The table below reflects a summary of the weighted average assumptions for all classes of business written within our Specialty Reinsurance segment. The table is presented on a gross loss basis and therefore does not include the benefit of reinsurance recoveries or loss related premium.

Actual vs. Initial Estimated Specialty Reinsurance Claims and Claim Expense Reserve Analysis – Estimated Ultimate Claims and Claim Expense Ratio

	Estimated Ultimate Claims and Claim Expenses Ratio			
Underwriting Year	Initial Estimate	Re-estimate at December 31, 2012	December 31, 2013	December 31, 2014
2002	77.2%	19.6%	19.7%	19.6%
2003	76.8%	25.3%	25.4%	25.4%
2004	78.2%	37.2%	36.8%	37.3%
2005	78.2%	28.1%	28.3%	27.3%
2006	76.6%	29.3%	26.3%	23.6%
2007	62.9%	56.1%	55.8%	57.7%
2008	57.9%	64.5%	64.1%	62.1%
2009	55.4%	34.2%	29.5%	27.1%
2010	56.5%	61.3%	57.4%	51.7%
2011	58.7%	59.9%	49.2%	38.2%
2012	56.3%	82.6%	59.8%	48.4%
2013	57.6%	—	59.7%	56.6%
2014	57.1%	—	—	57.1%

The table above shows our initial estimated ultimate claims and claim expense ratios for attritional losses for each new underwriting year within our Specialty Reinsurance segment. Until 2007, our initial estimated ultimate claims and claim expense ratios remained relatively constant between 76.6% in 2006 and 78.2% in 2004 and 2005. This reflects the fact that management had not made significant changes to its initial estimates of expected ultimate claims and claim expense ratios from one underwriting year to the next. The decrease in the initial estimated ultimate claims and claim expense ratio from 2006 and prior, to 2007 through 2014, reflects assumption changes made for certain classes of business where our experience, and the industry experience in general, has been better than expected and, as a result, we decreased our initial estimated ultimate claims and claim expense ratio for these classes of business.

As each underwriting year has developed, our re-estimated expected ultimate claims and claim expense ratios have changed. In particular, our re-estimated ultimate claims and claim expense ratios decreased significantly from the initial estimates for the 2002 through 2006 underwriting years. This was principally

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due to our 2005 reserve review. During our 2005 reserve review, we further segmented the specialty business with the aim of grouping risks into more homogeneous categories which respond to the evolution of actual exposures. This became possible as the volume of this business increased over the three preceding years. This further segmentation required the selection of loss reporting patterns to be applied to these new groups. We also updated our assumptions for our original loss reporting patterns based on a combination of new industry information and actual experience accumulated over the three preceding years. The assumptions for the new loss reporting patterns were applied to all prior underwriting years. In addition, we made explicit allowances for commuted contracts whereas previously these were considered in the overall reserving assumptions. We also reviewed substantially all of our case reserves and additional case reserves. The result of the foregoing was a decrease in our specialty reinsurance re-estimated ultimate claims and claim expense reserves in 2005. Subsequent to this reserve review, the results of our specialty book of business have been mixed. The 2006 underwriting year includes favorable development as actual paid and reported losses during 2006 have overall been less than expected, which has resulted in a reduction in our expected ultimate claims and claim expense ratio for this year. However, the 2008 underwriting year has performed worse than expected and our current estimates are higher than our initial estimates. This is due in part to the losses in our casualty clash line of business in 2008, associated with exposure to the deterioration of the credit and capital markets in 2008 as well as the Madoff matter discovered in the fourth quarter of 2008. In comparison, our 2010, 2011 and 2012 underwriting years have performed better than expected and our current estimates are lower than our initial estimates. The 2010, 2011 and 2012 underwriting years were impacted by a number of relatively large catastrophe events, including the 2010 New Zealand and Chilean Earthquakes in 2010, in 2011, the 2011 New Zealand and Tohoku Earthquakes, the large U.S. tornadoes, the Australian Floods, losses arising from certain aggregate contracts, Hurricane Irene and the Thailand Floods (collectively referred to as the “2011 Large Losses”), and Storm Sandy in 2012, all which initially resulted in increases in the re-estimated ultimate claims and claim expense ratio. As recent as 2014, we re-estimated our ultimate claims and claim expense ratios for certain large events included in the 2010, 2011 and 2012 underwriting years based on available data, including but not limited to industry loss estimates and actual claims from cedants, resulting in decreases to the re-estiamted ultimate claims and claim expense ratio. As noted above, our specialty reinsurance business is in general characterized by events of low frequency and high severity which results in actual experience that can be significantly better or worse than long-term trends or industry results for similar business may imply.

As noted above, some of our specialty reinsurance contracts are exposed to net claims and claim expenses from large natural and man-made catastrophes. Net claims and claim expenses from these large catastrophes are reserved for after the events which gave rise to the claims in a manner which is consistent with our property catastrophe reinsurance reserving practices as discussed above. The large catastrophes occurring during the period from 2002 to 2014 impacting our Specialty Reinsurance segment principally include Hurricanes Katrina, Rita and Wilma, which occurred in 2005. Our estimate of ultimate net claims and claim expenses from Hurricanes Katrina, Rita and Wilma, within our Specialty Reinsurance segment, net of reinsurance recoveries and assumed and ceded loss related premium, totaled $48.3 million at December 31, 2014 (2013 - $48.3 million, 2012 - $48.6 million).

Sensitivity Analysis

The table below quantifies the impact on our reserves for claims and claim expenses, net income and shareholders’ equity as of and for the year ended December 31, 2014 of reasonably likely changes to the actuarial assumptions used to estimate our December 31, 2014 claims and claim expense reserves within our Specialty Reinsurance segment. The table quantifies reasonably likely changes in our initial estimated ultimate claims and claim expense ratios and estimated loss reporting patterns. The changes to the initial estimated ultimate claims and claim expense ratios represent percentage increases or decreases to our current estimated ultimate claims and claim expense ratios. The change to the reporting patterns represent claims reporting that is both faster and slower than our current estimated claims reporting patterns. The impact on net income and shareholders’ equity assumes no increase or decrease in reinsurance recoveries, loss related premium or redeemable noncontrolling interest – DaVinciRe.

Specialty Reinsurance Claims and Claim Expense Reserve Sensitivity Analysis

(in thousands,except percentages)	Estimated Loss Reporting Pattern	$ Impact of Change on Reserves for Claims and Claim Expenses at December 31, 2014	% Impact of Change on Reserve for Claims and Claim Expenses at December 31, 2014	% Impact of Change on Net Income for the Year Ended December 31, 2014	% Impact of Change on Shareholders' Equity at December 31, 2014
Increase expected claims and claim expense ratio by 25%	Slower reporting	$212,732	15.1 %	(31.0)%	(5.5)%
Increase expected claims and claim expense ratio by 25%	Expected reporting	89,490	6.3 %	(13.0)%	(2.3)%
Increase expected claims and claim expense ratio by 25%	Faster reporting	(20,486)	(1.5)%	3.0 %	0.5 %
Expected claims and claim expense ratio	Slower reporting	98,593	7.0 %	(14.4)%	(2.6)%
Expected claims and claim expense ratio	Expected reporting	—	— %	— %	— %
Expected claims and claim expense ratio	Faster reporting	(87,981)	(6.2)%	12.8 %	2.3 %
Decrease expected claims and claim expense ratio by 25%	Slower reporting	(15,545)	(1.1)%	2.3 %	0.4 %
Decrease expected claims and claim expense ratio by 25%	Expected reporting	(89,490)	(6.3)%	13.0 %	2.3 %
Decrease expected claims and claim expense ratio by 25%	Faster reporting	(155,476)	(11.0)%	22.7 %	4.0 %

We believe that ultimate claims and claim expense ratios 25.0 percentage points above or below our estimated assumptions constitute reasonably likely outcomes based on our experience to date and our future expectations. In addition, we believe that the adjustments that we made to speed up or slow down our estimated loss reporting patterns are reasonably likely changes. While we believe these are reasonably likely changes, we do not believe the reader should consider the above sensitivity analysis an actuarial reserve range. In addition, we caution the reader that the above sensitivity analysis only reflects reasonably likely changes. It is possible that our initial estimated claims and claim expense ratios and loss reporting patterns could be significantly different from the sensitivity analysis described above. For example, we could be liable for events which we have not estimated reserves for or for exposures we do not currently think are covered under our contracts. These changes could result in significantly larger changes to reserves for claims and claim expenses, net income and shareholders' equity than those noted above. We also caution the reader that the above sensitivity analysis is not used by management in developing our reserve estimates and is also not used by management in managing the business.

Lloyd's Segment

Within our Lloyd's segment, we write property catastrophe excess of loss reinsurance contracts to insure insurance and reinsurance companies against natural and man-made catastrophes, and write a number of specialty reinsurance lines, insurance policies and quota share reinsurance that involves understanding the characteristics of the underlying insurance policy.

We use the Bornhuetter-Ferguson actuarial method to estimate claims and claim expenses within our Lloyd's segment for our specialty reinsurance and insurance lines of business. The comments discussed above relating to our reserving techniques and processes for our Specialty Reinsurance segment apply to the specialty reinsurance and insurance lines of business within our Lloyd's segment. In addition, certain of our coverages may be impacted by natural and man-made catastrophes. We estimate claim reserves for these losses after the event giving rise to these losses occurs, following a process that is similar to our Catastrophe Reinsurance segment as noted above.

Prior Year Development of Reserve for Net Claims and Claim Expenses

The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd's segment for the year ended December 31, 2014 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Year ended December 31, 2014	Lloyd's Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Storm Sandy (2012)	$(4,128)
LIBOR (2011 and 2012)	(1,250)
Other	(1,234)
Total large catastrophe events	(6,612)
Small catastrophe events	
Other	(2,687)
Total small catastrophe events	(2,687)
Total catastrophe net claims and claim expenses	$(9,299)
Attritional net claims and claim expenses	
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	$(6,942)
Total attritional net claims and claim expenses	$(6,942)
Total favorable development of prior accident years net claims and claim expenses	$(16,241)

The favorable development of prior accident years net claims and claim expenses within our Lloyd's segment of $16.2 million was comprised of $6.6 million, $2.7 million and $6.9 million related to large catastrophe events, small catastrophe events and attritional net claims and claim expenses, respectively. Included in the favorable development of prior accident years net claims and claim expenses is a $4.1 million reduction in the estimated ultimate loss related to Storm Sandy included in large catastrophe events, with the $6.9 million favorable development of prior accident years net claims and claim expenses related to attritional net claims and claim expenses principally due to reported claims activity coming in lower than expected on prior accident years events. There were no actuarial reserving assumption changes during 2014.

The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd's segment for the year ended December 31, 2013 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

Year ended December 31, 2013	Lloyd's Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Storm Sandy (2012)	$(3,825)
Other	(1,442)
Total large catastrophe events	(5,267)
Total catastrophe net claims and claim expenses	$(5,267)
Attritional net claims and claim expenses	
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	$(3,263)
Actuarial assumption changes	274
Total attritional net claims and claim expenses	$(2,989)
Total favorable development of prior accident years net claims and claim expenses	$(8,256)

The favorable development of prior accident years net claims and claim expenses within our Lloyd's segment of $8.3 million during 2013 was principally driven by a $5.3 million decrease in the estimated ultimate net claims and claim expenses related to large catastrophes, including $3.8 million related to Storm Sandy, and $3.3 million related to reported claims coming in lower than expected on prior accident years events as a result of the application of our formulaic actuarial reserving methodology and partially offset by adverse development of $0.3 million related to assumption changes.

Year ended December 31, 2012	Lloyd's Segment
(in thousands)	
Catastrophe net claims and claim expenses	
Large catastrophe events	
Thailand Floods (2011)	$(5,500)
Hurricane Irene (2011)	(2,500)
Other	(1,476)
Total large catastrophe events	(9,476)
Total catastrophe net claims and claim expenses	$(9,476)
Attritional net claims and claim expenses	
Bornhuetter-Ferguson actuarial method - actual reported claims less than expected claims	$(8,011)
Actuarial assumption changes	1,285
Total attritional net claims and claim expenses	$(6,726)
Total favorable development of prior accident years net claims and claim expenses	$(16,202)

The favorable development of prior accident years net claims and claim expenses within our Lloyd's segment of $16.2 million during 2012 was principally due to favorable development of $8.0 million due to reported claims coming in lower than expected on a number of prior accident years events, as a result of the application of the Company's formulaic actuarial reserving methodology, $5.5 million related to the 2011 Thailand Floods, $2.5 million related to Hurricane Irene, and $1.5 million due to lower than expected reported claims for catastrophe losses within our Lloyd's segment's property catastrophe reinsurance book of business, partially offset by $1.3 million of adverse development related to actuarial assumption changes.

Actual Results vs. Initial Estimates

The table below summarizes our initial assumptions and changes in those assumptions for catastrophe claims and claim expense reserves associated with our property catastrophe reinsurance business within our Lloyd's segment. Similar to our Catastrophe Reinsurance segment, the key assumption in estimating reserves for property catastrophe reinsurance losses in our Lloyd's segment is our estimate of the ultimate claims and claim expenses. The table shows our initial estimates of ultimate claims and claim expenses for each accident year and how these initial estimates have developed over time. The initial estimate of accident year claims and claim expenses represents our estimate of the ultimate settlement and administration costs for claims incurred from catastrophic events occurring during a particular accident year, and as reported as of December 31 of that year. The re-estimated ultimate claims and claim expenses represent our revised estimates as reported as at the respective year end. The cumulative favorable (adverse) development shows how our most recent estimates as reported at December 31, 2014 differ from our initial accident year estimates. Favorable development implies that our current estimates are lower than our initial estimates while adverse development implies that our current estimates are higher than our original estimates. Total reserves as of December 31, 2014 reflect the unpaid portion of our estimates of ultimate claims and claim expenses. The table is presented on a gross basis and therefore does not include the benefit of reinsurance recoveries or loss related premium such as reinstatement premium.

Actual vs. Initial Estimated Lloyd's Segment Catastrophe Claims and Claim Expense Reserve Analysis for Property Catastrophe Reinsurance Business

(in thousands, except percentages)

Accident Year	Initial Estimate of Accident Year Claims and Claim Expenses	Re-estimated Claims and Claim Expenses as of December 31, 2012	2013	2014	Cumulative Favorable (Adverse) Development	% Decrease (Increase) from Initial Ultimate	Claims and Claim Expense Reserves at December 31, 2014	% of Claims and Claim Expenses Unpaid at December 31, 2014
2010	$5,277	$6,310	$6,018	$5,162	$115	2.2 %	$ 3,725	72.2 %
2011	30,121	24,037	23,565	23,440	6,681	22.2 %	1,438	6.1 %
2012	10,957	10,957	8,770	5,980	4,977	45.4 %	3,129	52.3 %
2013	5,977	—	5,977	3,273	2,704	45.2 %	2,789	85.2 %
2014	943	—	—	943	—	— %	524	55.6 %
	$53,275	$41,304	$44,330	$38,798	$14,477	27.7 %	$ 11,605	29.9 %

As quantified in the table above, since our Lloyd's segment commenced writing business in mid-2009, we have experienced $14.5 million of net favorable development on our gross reserves related to catastrophe events for our property catastrophe reinsurance business within our Lloyd's segment. As described above and similar to our Catastrophe Reinsurance segment, given the complexity in reserving for claims and claims expenses associated with catastrophe losses for property catastrophe reinsurance business, we have experienced development, both favorable and unfavorable, in any given accident year. For example, our 2012 accident year has developed favorably by $5.0 million, which is 45.4% better than our initial estimates of claims and claim expenses for the 2012 accident year as estimated as of December 31, 2012, while our 2010 accident year has only developed favorably by $0.1 million, or 2.2%. On a net basis, our cumulative favorable or unfavorable development is generally reduced by offsetting changes in our reinsurance recoverables, as well as changes to loss related premiums such as reinstatement premiums, all of which generally move in the opposite direction to changes in our ultimate claims and claim expenses.

The percentage of claims unpaid at December 31, 2014 for each accident year reflects both the speed at which claims and claim expenses for each accident year have been paid and our estimate of claims and claim expenses for that accident year. This is driven in part by the mix of our business and the speed of the settlement and payment of claims by our underlying cedants.

Actual vs. Initial Estimated Lloyd’s Segment Attritional Claims and Claim Expense Reserve Analysis – Estimated Ultimate Claims and Claim Expense Ratio

The table below summarizes our key actuarial assumptions in reserving for attritional losses for our specialty reinsurance and insurance lines of business in our Lloyd’s segment. As noted above, the key actuarial assumptions include the estimated ultimate claims and claim expense ratios and the estimated loss reporting patterns. The table shows our initial estimates of the ultimate claims and claim expense ratio by underwriting year. The initial estimate is based on the actuarial assumptions that were in place at the end of that year. A decrease in the ultimate claims and claim expense ratio implies that our current estimates are lower than our initial estimates while an increase in the ultimate claims and claim expense ratio implies that our current estimates are higher than our initial estimates. The result would be a corresponding favorable impact on shareholders’ equity and net income or a corresponding unfavorable impact on shareholders’ equity and net income, respectively. The table below reflects a summary of the weighted average assumptions for all classes of specialty reinsurance and insurance business in our Lloyd’s segment for which we reserve for attritional losses using the Bornhuetter-Ferguson actuarial method. The table is presented on a gross loss basis and therefore does not include the benefit of reinsurance recoveries or loss related premium such as reinstatement premium.

	Estimated Ultimate Claims and Claim Expenses Ratio			
Underwriting Year	Initial Estimate	Re-estimate at December 31, 2012	December 31, 2013	December 31, 2014
2010	63.3%	53.5%	50.2%	50.5 %
2011	66.0%	60.6%	55.1%	52.6 %
2012	58.4%	87.4%	69.5%	64.3 %
2013	60.6%	—	67.9%	62.2 %
2014	60.6%	—	—	79.8 %

The table above shows our initial estimated ultimate claims and claim expense ratios for attritional losses for each new underwriting year within specialty insurance and reinsurance in our Lloyd’s segment. The principal reason for changes from one underwriting year to the next is changes in the mix and relative volume of business.

As each underwriting year has developed, our re-estimated expected ultimate claims and claim expense ratios have changed. In particular, our re-estimated ultimate claims and claim expense ratios decreased from the initial estimates for the 2010 and 2011 underwriting years and increased for the 2012, 2013 and 2014 underwriting years. The decrease in the re-estimated ultimate claims and claim expense ratio for the 2010 and 2011 underwriting years at December 31, 2014 was principally due to the application of our formulaic actuarial reserving methodology with the reductions being due to actual paid and reported claim activity being more favorable to date than what was originally anticipated when setting the initial reserves combined with reductions to estimated ultimate claims and claim expenses on certain large events. However, the increase in the re-estimated ultimate claims and claim expense ratio for the 2012, 2013 and 2014 underwriting years at December 31, 2014 was the result of those underwriting years performing worse than expected, due in part to experiencing claims and claim expenses related to large property losses, including Storm Sandy in 2012, and a number of smaller property-related loss events in 2013 and 2014. As noted above, our specialty reinsurance and insurance lines of business are in general characterized by events of low frequency and high severity which results in actual experience that can be significantly better or worse than long-term trends or industry results for similar business may imply.

Sensitivity Analysis

The table below shows the impact on our ultimate claims and claim expenses, net income and shareholders’ equity as of and for the year ended December 31, 2014 of reasonably likely changes to our estimates of ultimate losses for claims and claim expenses incurred from catastrophic events associated with property catastrophe reinsurance business within our Lloyd’s segment. The reasonably likely changes are based on a historical analysis of the period-to-period variability of our ultimate costs to settle claims from catastrophic events, giving due consideration to changes in our reserving practices over time. In general, our claim reserves for our more recent catastrophic events are subject to greater uncertainty and,

therefore, greater variability and are likely to experience material changes from one period to the next. This is due to the uncertainty as to the size of the industry losses from the event, uncertainty as to which contracts have been exposed to the catastrophic event, and uncertainty as to the magnitude of claims incurred by our clients. As our claims age, more information becomes available and we believe our estimates become more certain, although there is no assurance this trend will continue in the future. As a result, the sensitivity analysis below is based on the age of each accident year, our current estimated ultimate claims and claim expenses for the catastrophic events occurring in each accident year, and the reasonably likely variability of our current estimates of claims and claim expenses by accident year.

Lloyd’s Segment Property Catastrophe Reinsurance Claims and Claim Expense Reserve Sensitivity Analysis

(in thousands, except percentages)	Ultimate Claims and Claim Expenses at December 31, 2014	$ Impact of Change on Ultimate Claims and Claim Expenses at December 31, 2014	% Impact of Change on Reserve for Claims and Claim Expenses at December 31, 2014	% Impact of Change on Net Income for the Year Ended December 31, 2014	% Impact of Change on Shareholders’ Equity at December 31, 2014
Higher	$44,294	$5,496	0.4 %	(0.8)%	(0.1)%
Recorded	38,798	—	— %	— %	— %
Lower	$33,302	$(5,496)	(0.4)%	0.8 %	0.1 %

We believe the changes we made to our estimated ultimate claims and claim expenses represent reasonably likely outcomes based on our experience to date and our future expectations. While we believe these are reasonably likely outcomes, we do not believe the reader should consider the above sensitivity analysis an actuarial reserve range. In addition, the sensitivity analysis only reflects reasonably likely changes in our underlying assumptions. It is possible that our estimated ultimate claims and claim expenses could be significantly higher or lower than the sensitivity analysis described above. For example, we could be liable for events for which we have not estimated claims and claim expenses or for exposures we do not currently believe are covered under our policies. These changes could result in significantly larger changes to our estimated ultimate claims and claim expenses, net income and shareholders’ equity than those noted above. We also caution the reader that the above sensitivity analysis is not used by management in developing our reserve estimates and is also not used by management in managing the business.

Lloyd’s Segment Attritional Claims and Claim Expense Reserve Sensitivity Analysis

(in thousands,except percentages)	Estimated Loss Reporting Pattern	$ Impact of Change on Reserves for Claims and Claim Expenses at December 31, 2014	% Impact of Change on Reserves for Claims and Claim Expenses at December 31, 2014	% Impact of Change on Net Income for the Year Ended December 31, 2014	% Impact of Change on Shareholders’ Equity at December 31, 2014
Increase expected claims and claim expense ratio by 25%	Slower reporting	$125,167	8.9 %	(18.2)%	(3.2)%
Increase expected claims and claim expense ratio by 25%	Expected reporting	51,863	3.7 %	(7.6)%	(1.3)%
Increase expected claims and claim expense ratio by 25%	Faster reporting	(20,084)	(1.4)%	2.9 %	0.5 %
Expected claims and claim expense ratio	Slower reporting	58,644	4.2 %	(8.5)%	(1.5)%
Expected claims and claim expense ratio	Expected reporting	—	— %	— %	— %
Expected claims and claim expense ratio	Faster reporting	(57,557)	(4.1)%	8.4 %	1.5 %
Decrease expected claims and claim expense ratio by 25%	Slower reporting	(7,880)	(0.6)%	1.1 %	0.2 %
Decrease expected claims and claim expense ratio by 25%	Expected reporting	(51,863)	(3.7)%	7.6 %	1.3 %
Decrease expected claims and claim expense ratio by 25%	Faster reporting	(95,031)	(6.7)%	13.8 %	2.5 %

We believe that ultimate claims and claim expense ratios 25.0 percentage points above or below our estimated assumptions constitute reasonably likely outcomes based on our experience to date and our future expectations. In addition, we believe that the adjustments that we made to speed up or slow down our estimated loss reporting patterns are reasonably likely changes. While we believe these are reasonably likely changes, we do not believe the reader should consider the above sensitivity analysis an actuarial reserve range. In addition, we caution the reader that the above sensitivity analysis only reflects reasonably likely changes. It is possible that our initial estimated claims and claim expense ratios and loss reporting patterns could be significantly different from the sensitivity analysis described above. For example, we could be liable for events which we have not estimated reserves for or for exposures we do not currently think are covered under our contracts. These changes could result in significantly larger changes to reserves for claims and claim expenses, net income and shareholders’ equity than those noted above. We also caution the reader that the above sensitivity analysis is not used by management in developing our reserve estimates and is also not used by management in managing the business.

Other

Included in the Other category are the remnants of our Bermuda-based insurance operations. These operations are in run-off and no new business is being underwritten. Our outstanding claims and claim expense reserves for these operations include insurance policies and quota share reinsurance with respect to risks including: 1) commercial property, which principally included catastrophe-exposed commercial property products; 2) commercial multi-line, which included commercial property and liability coverage, such as general liability, automobile liability and physical damage, building and contents, professional liability and various specialty products; and 3) personal lines property, which principally included homeowners personal lines property coverage and catastrophe exposed personal lines property coverage and totaled $41.7 million at December 31, 2014 (2013 - $58.1 million).

We use the Bornhuetter-Ferguson actuarial method to estimate claims and claim expenses within the Other category for our property and casualty insurance and quota share reinsurance business. The comments discussed above relating to our reserving techniques and processes for our Specialty Reinsurance segment also apply to our Other category. In addition, certain of our coverages may be impacted by natural and

man-made catastrophes. We estimate claim reserves for these losses after the event giving rise to these losses occurs, following a process that is similar to our Catastrophe Reinsurance segment.

Development of Prior Year Liability for Unpaid Claims and Claim Expenses

The following table details the development of our liability for unpaid claims and claim expenses for our Other category split between large catastrophe events and attritional claims and claim expenses:

At December 31,	2014	2013	2012
(in thousands)			
Attritional claims and claim expenses	$(6,137)	$2,179	$(3,265)
Catastrophe events	—	(1,729)	(1,171)
Loss portfolio transfer	—	—	7,383
Total (favorable) adverse development of prior accident years net claims and claim expenses	$(6,137)	$450	$2,947

The net favorable development on prior accident years of $6.1 million for 2014 within our Other category was principally the result of a reduction in the estimated ultimate losses on a proportional property contract in our former Insurance segment.

The net adverse development on prior accident years of $0.5 million for 2013 within our Other category was principally the result of $2.2 million related to the application of our formulaic actuarial reserving methodology with the increases being due to actual paid and reported claim activity coming in higher than what was originally anticipated when setting the initial reserves; partially offset by favorable development of $1.7 million related to prior period large catastrophe events.

The net adverse development on prior accident years of $2.9 million for 2012 within our Other category was principally the result of a loss portfolio transfer entered into by us on October 1, 2012, in respect of our contractor’s liability book of business within RenaissanceRe Specialty Risks, whereby we paid consideration of $36.5 million to transfer net liabilities of $29.1 million, resulting in a loss of $7.4 million which is recorded above as prior accident years attritional claims and claims expenses in our Other category, partially offset by reductions in reported losses on certain attritional loss contracts and favorable development related to catastrophe events, primarily the 2008 Hurricanes (Gustav and Ike).

On November 24, 2014, we announced that RenaissanceRe and Platinum entered into a Merger Agreement under which RenaissanceRe will acquire Platinum. The agreement has been unanimously approved by both companies’ Board of Directors and, if approved by Platinum shareholders, the transaction is expected to close on March 2, 2015. The aggregate consideration for the transaction is expected to be approximately $1.9 billion. We will account for the acquisition of Platinum under the acquisition method of accounting in accordance with FASB Accounting Standards Codification (“ASC”) Topic Business Combinations, under which the total consideration paid will be allocated among acquired assets and assumed liabilities based on the fair values of the assets acquired and liabilities assumed, including Platinum’s claims and claim expense reserves, which totaled $1.4 billion at December 31, 2014. Upon acquisition, Platinum’s assets and liabilities, including Platinum’s claims and claim expense reserves, will be consolidated by RenaissanceRe.

Reinsurance Recoverables

We enter into reinsurance agreements in order to help reduce our exposure to large losses and to help manage our risk portfolio. Amounts recoverable from reinsurers are estimated in a manner consistent with the claims and claim expense reserves associated with the related assumed reinsurance. For multi-year retrospectively rated contracts, we accrue amounts (either assets or liabilities) that are due to or from assuming companies based on estimated contract experience. If we determine that adjustments to earlier estimates are appropriate, such adjustments are recorded in the period in which they are determined.

The estimate of reinsurance recoverables can be more subjective than estimating the underlying claims and claim expense reserves as discussed under the heading “Claims and Claim Expense Reserves” above. In particular, reinsurance recoverables may be affected by deemed inuring reinsurance, industry losses reported by various statistical reporting services, and other factors. Reinsurance recoverables on dual

trigger reinsurance contracts require us to estimate our ultimate losses applicable to these contracts as well as estimate the ultimate amount of insured losses for the industry as a whole that will be reported by the applicable statistical reporting agency, as per the contract terms. In addition, the level of our additional case reserves and IBNR reserves has a significant impact on reinsurance recoverables. These factors can impact the amount and timing of the reinsurance recoverables to be recorded.

The majority of the balance we have accrued as recoverable will not be due for collection until some point in the future. The amounts recoverable ultimately collected are open to uncertainty due to the ultimate ability and willingness of reinsurers to pay our claims, for reasons including insolvency and elective run-off, contractual dispute and various other reasons. In addition, because the majority of the balances recoverable will not be collected for some time, economic conditions as well as the financial and operational performance of a particular reinsurer may change, and these changes may affect the reinsurer’s willingness and ability to meet their contractual obligations to us. To reflect these uncertainties, we estimate and record a valuation allowance for potential uncollectible reinsurance recoverable which reduces reinsurance recoverable and net income (loss).

We estimate our valuation allowance by applying specific percentages against each reinsurance recoverable based on our counterparty’s credit rating. The percentages applied are based on historical industry default statistics developed by major rating agencies and are then adjusted by us based on industry knowledge and our judgment and estimates. We also apply case-specific valuation allowances against certain recoveries that we deem unlikely to be collected in full. We then evaluate the overall adequacy of the valuation allowance based on other qualitative and judgmental factors. The valuation allowance recorded against reinsurance recoverable was $1.0 million at December 31, 2014 (2013 - $1.7 million). The reinsurers with the three largest balances accounted for 35.4%, 14.9% and 7.0%, respectively, of our reinsurance recoverable balance at December 31, 2014 (2013 - 28.2%, 19.9% and 11%, respectively). The three largest company-specific components of the valuation allowance represented 17.9%, 4.0% and 2.9%, respectively, of our total valuation allowance at December 31, 2014 (2013 - 14.2%, 12.5% and 3.1%, respectively).

Fair Value Measurements and Impairments

Fair Value

The use of fair value to measure certain assets and liabilities with resulting unrealized gains or losses is pervasive within our consolidated financial statements. Fair value is defined under accounting guidance currently applicable to us 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. We recognize the change in unrealized gains and losses arising from changes in fair value in our consolidated statements of operations, with the exception of changes in unrealized gains and losses on our 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 we have access. The fair value is determined by multiplying the quoted price by the quantity held by us;
- 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. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the asset or liability.

In order to determine if a market is active or inactive for a security, we consider 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.

Other than the transaction noted below, 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. As discussed in greater detail below, the Company transferred its investment in the common shares of Trupanion, Inc. ("Trupanion"), a company that provides insurance for a variety of veterinarian costs, from Level 3 to Level 1, effective July 18, 2014, the date on which Trupanion became a publicly traded company on the NYSE. The fair value transferred from Level 3 to Level 1 was $24.6 million.

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 of such assets and liabilities on our consolidated balance sheets:

At December 31, 2014	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)				
Fixed maturity investments				
U.S. treasuries	$1,671,471	$1,671,471	$—	$—
Agencies	96,208	—	96,208	—
Non-U.S. government (Sovereign debt)	280,651	—	280,651	—
Non-U.S. government-backed corporate	146,467	—	146,467	—
Corporate	1,610,442	—	1,594,782	15,660
Agency mortgage-backed	316,620	—	316,620	—
Non-agency mortgage-backed	253,050	—	253,050	—
Commercial mortgage-backed	381,051	—	381,051	—
Asset-backed	27,610	—	27,610	—
Total fixed maturity investments	4,783,570	1,671,471	3,096,439	15,660
Short term investments	1,013,222	—	1,013,222	—
Equity investments trading	322,098	322,098	—	—
Other investments				
Private equity partnerships	281,932	—	—	281,932
Senior secured bank loan fund	19,316	—	—	19,316
Catastrophe bonds	200,329	—	200,329	—
Hedge funds	2,570	—	—	2,570
Total other investments	504,147	—	200,329	303,818
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts	(8,744)	—	—	(8,744)
Derivatives (1)	6,345	(569)	7,104	(190)
Other	(11,509)	—	(11,509)	—
Total other assets and (liabilities)	(13,908)	(569)	(4,405)	(8,934)
	$6,609,129	$1,993,000	$4,305,585	$310,544

(1) See "Note 19. Derivative Instruments in our Notes to Consolidated Financial Statements" for additional information related to the fair value by type of contract, of derivatives entered into by us.

As at December 31, 2014, we have classified $325.1 million and $14.6 million of our assets and liabilities, respectively, at fair value on a recurring basis using Level 3 inputs. This represented 4.0% and 0.5% of our total assets and liabilities, respectively. Level 3 fair value measurements are based on valuation techniques that use at least one significant input that is unobservable. These measurements are made under circumstances in which there is little, if any, market activity for the asset or liability. We use valuation models or other pricing techniques that require a variety of inputs including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs, some of which may be unobservable, to value these Level 3 assets and liabilities. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment. In making the assessment, we considered factors specific to the asset or liability. In certain cases, the inputs used to measure fair value of an asset or a liability 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 is classified is determined based on the lowest level input that is significant to the fair value measurement of the asset or liability.

See "Note 6. Fair Value Measurements in our Notes to Consolidated Financial Statements" for additional information about fair value measurements.

Impairments

The amount and timing of asset impairment is subject to significant estimation techniques and asset impairment is a critical accounting estimate for us. The more significant impairment reviews we complete are for our equity method investments, goodwill and other intangible assets, and fixed maturity investments available for sale, as described in more detail below.

Investments in Other Ventures, Under Equity Method

Investments in which we have significant influence over the operating and financial policies of the investee are classified as investments in other ventures, under equity method, and are accounted for under the equity method of accounting. Under this method, we record our proportionate share of income or loss from such investments in our results for the period. Any decline in the value of investments in other ventures, under equity method, including goodwill and other intangible assets arising upon acquisition of the investee, considered by management to be other-than-temporary, is reflected in our consolidated statements of operations in the period in which it is determined. As of December 31, 2014, we had $120.7 million (2013 - $105.6 million) in investments in other ventures, under equity method on our consolidated balance sheets, including $12.3 million of goodwill and $12.9 million of other intangible assets (2013 – $12.5 million and $16.7 million). The carrying value of our investments in other ventures, under equity method, individually or in the aggregate, may, and likely will, differ from the realized value we may ultimately attain, perhaps significantly so.

In determining whether an equity method investment is impaired, we take into consideration a variety of factors including the operating and financial performance of the investee, the investee's future business plans and projections, recent transactions and market valuations of publicly traded companies where available, discussions with the investee's management, and our intent and ability to hold the investment until it recovers in value. In doing this, we make assumptions and estimates in assessing whether an impairment has occurred and if, in the future, our assumptions and estimates made in assessing the fair value of these investments change, this could result in a material decrease in the carrying value of these investments. This would cause us to write-down the carrying value of these investments and could have a material adverse effect on our results of operations in the period the impairment charge is taken. We do not have any current plans to dispose of these investments, and cannot assure you that we will in the future consummate transactions in which we realize the value at which these holdings are reflected in our financial statements. During the year ended December 31, 2014, we recorded $Nil (2013 - $Nil, 2012 - $Nil) other-than-temporary impairment charges related to investments in other ventures, under the equity method.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets acquired are initially recorded at fair value. Subsequent to initial recognition, finite lived other intangible assets are amortized over their estimated useful life, subject to impairment, and goodwill and indefinite lived other intangible assets are carried at the lower of cost or fair value. If goodwill or other intangible assets are impaired, they are written down to their estimated fair values with a corresponding expense reflected in our consolidated statements of operations.

We test goodwill and other intangible assets for impairment in the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of the annual impairment evaluation, goodwill is assigned to the applicable reporting unit of the acquired entities giving rise to the goodwill and other intangible assets and is tested based on the cash flows they produce. There are generally many assumptions and estimates underlying the fair value calculation. Principally, we identify the reporting unit or business entity that the goodwill or other intangible asset is attributed to, and review historical and forecasted operating and financial performance and other underlying factors affecting such analysis, including market conditions. Other assumptions used could produce significantly different results which may result in a change in the value of goodwill or our other intangible assets and related charge in our consolidated statements of operations. An impairment charge could be recognized in the event of a significant decline in the implied fair value of those operations where the goodwill or other intangible assets are applicable. As at December 31, 2014, excluding the amounts

recorded in investments in other ventures, under the equity method, as noted above, our consolidated balance sheets include $5.9 million of goodwill (2013 - $5.9 million) and $2.0 million of other intangible assets (2013 - $2.3 million). Impairment charges were $Nil during the year ended December 31, 2014 (2013 - $Nil, 2012 - $5.2 million). In the future it is possible that we will hold more goodwill, which would increase the degree of judgment and uncertainty embedded in our financial statements, and potentially increase the volatility of our reported results.

On November 24, 2014, we announced that RenaissanceRe and Platinum entered into a Merger Agreement under which RenaissanceRe will acquire Platinum. The agreement has been unanimously approved by both companies' Board of Directors and, if approved by Platinum shareholders, the transaction is expected to close on March 2, 2015. The aggregate consideration for the transaction is expected to be approximately $1.9 billion. We will account for the acquisition of Platinum under the acquisition method of accounting in accordance with FASB ASC Topic Business Combinations, under which the total consideration paid will be allocated among acquired assets and assumed liabilities based on the fair values of the assets acquired and liabilities assumed. We anticipate that the purchase price paid will exceed the fair value of the net assets acquired, perhaps significantly so, and the excess will be accounted for as goodwill. Intangible assets with definite lives will be amortized over their estimated useful lives. Goodwill resulting from the acquisition of Platinum will not be amortized but instead will be tested for impairment at least annually, as outlined above (more frequently if certain indicators are present). In the event that we determine that the value of goodwill has become impaired, an accounting charge will be taken in the fiscal quarter in which such determination is made.

Fixed Maturity Investments Available For Sale

At December 31, 2014, we had $26.9 million (2013 - $34.2 million) of fixed maturity investments available for sale on our consolidated balance sheet. Included in accumulated other comprehensive income at December 31, 2014 was $3.1 million of gross unrealized gains (2013 - $4.0 million) and $3 thousand of gross unrealized losses (2013 - $17 thousand), related to our portfolio of fixed maturity investments available for sale. Our quarterly process for assessing whether declines in the fair value of our fixed maturity investments available for sale represent impairments that are other-than-temporary includes reviewing each fixed maturity investment available for sale that is impaired and determining: (i) if we have the intent to sell the debt security or (ii) if it is more likely than not that we will be required to sell the debt security before its anticipated recovery; and (iii) whether a credit loss exists, that is, where we expect that the present value of the cash flows expected to be collected from the security are less than the amortized cost basis of the security. For the year ended December 31, 2014 we recognized $Nil (2013 - $Nil, 2012 - $0.3 million) of net other-than-temporary impairments in our consolidated statements of operations related to our portfolio of fixed maturity investments available for sale.

Income Taxes

Income taxes have been provided in accordance with the provisions of FASB ASC Topic Income Taxes. Deferred tax assets and liabilities result from temporary differences between the amounts recorded in our consolidated financial statements and the tax basis of our assets and liabilities. Such temporary differences are primarily due to net operating loss carryforwards and GAAP versus tax basis accounting differences related to interest expense, underwriting results, accrued expenses and investments. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to deferred tax assets will not be realized.

At December 31, 2014, our net deferred tax asset (prior to our valuation allowance) and valuation allowance were $61.9 million (2013 - $56.3 million) and $61.7 million (2013 - $56.1 million), respectively (see "Note 15. Taxation in our Notes to Consolidated Financial Statements" for additional information). At each balance sheet date, we assess the need to establish a valuation allowance that reduces the net deferred tax asset when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized. The valuation allowance is based on all available information including projections of future GAAP taxable income from each tax-paying component in each tax jurisdiction. Losses incurred within our U.S. tax-paying subsidiaries in the fourth quarter of 2011 were significant enough to result in a cumulative GAAP taxable loss at the U.S. tax-paying subsidiaries for the three year period ended December 31, 2011. We reassess our valuation allowance on a quarterly basis and commencing with our reassessment effective

December 31, 2011, we determined that it is more likely than not that we would not be able to recover our U.S. net deferred tax asset and as a result, recognized a full valuation allowance in the fourth quarter of 2011. At December 31, 2014, our U.S. tax-paying subsidiaries had a net deferred tax asset of $48.5 million (2013 - $43.9 million), for which a full valuation allowance has been provided as we continued to remain in a cumulative three year GAAP taxable loss position at our U.S. tax-paying subsidiaries throughout 2014, among other facts. In addition, our Ireland, U.K. and Singapore operations have each produced cumulative GAAP taxable losses, among other facts, and as a result, we continue to provide a valuation allowance against our net deferred tax assets for these operations.

We have unrecognized tax benefits of $Nil as of December 31, 2014 (2013 - $Nil). Interest and penalties related to unrecognized tax benefits, would be recognized in income tax expense. At December 31, 2014, interest and penalties accrued on unrecognized tax benefits were $Nil (2013 - $Nil). Income tax returns filed for tax years 2009 through 2013, 2010 through 2013, 2013 and 2012 through 2013, are open for examination by the Internal Revenue Service, Irish tax authorities, U.K. tax authorities, and Singapore tax authorities, respectively. We do not expect the resolution of these open years to have a significant impact on our consolidated statements of operations and financial condition.

On November 24, 2014, we announced that RenaissanceRe and Platinum entered into a Merger Agreement under which RenaissanceRe will acquire Platinum. The agreement has been unanimously approved by both companies' Board of Directors and, if approved by Platinum shareholders, the transaction is expected to close on March 2, 2015. The aggregate consideration for the transaction is expected to be approximately $1.9 billion. We will account for the acquisition of Platinum under the acquisition method of accounting in accordance with FASB ASC Topic Business Combinations, under which the total consideration paid will be allocated among acquired assets and assumed liabilities based on the fair values of the assets acquired, including Platinum's net deferred tax asset which totaled $17.5 million at December 31, 2014, and liabilities assumed.

SUMMARY OF RESULTS OF OPERATIONS

Year ended December 31,	2014	2013	2012
(in thousands, except per share amounts and percentages)			
Statements of operations highlights			
Gross premiums written	$1,550,572	$1,605,412	$1,551,591
Net premiums written	1,068,236	1,203,947	1,102,657
Net premiums earned	1,062,416	1,114,626	1,069,355
Net claims and claim expenses incurred	197,947	171,287	325,211
Underwriting income	529,354	626,733	451,451
Net investment income	124,316	208,028	165,725
Net realized and unrealized gains on investments	41,433	35,076	163,121
Income from continuing operations	686,256	839,346	765,425
Income (loss) from discontinued operations	—	2,422	(16,476)
Net income	686,256	841,768	748,949
Net income available to RenaissanceRe common shareholders	510,337	665,676	566,014
Income from continuing operations available to RenaissanceRe common shareholders per common share – diluted	$12.60	$14.82	$11.56
Income (loss) from discontinued operations per common share – diluted	—	0.05	(0.33)
Net income available to RenaissanceRe common shareholders per common share – diluted	$12.60	$14.87	$11.23
Dividends per common share	$1.16	$1.12	$1.08
Key ratios			
Net claims and claim expense ratio – current accident year	32.2%	28.3%	45.2%
Net claims and claim expense ratio – prior accident years	(13.6)%	(12.9)%	(14.8)%
Net claims and claim expense ratio – calendar year	18.6%	15.4%	30.4%
Underwriting expense ratio	31.6%	28.4%	27.4%
Combined ratio	50.2%	43.8%	57.8%
Return on average common equity	14.9%	20.5%	17.7%
Book value	December 31, 2014	December 31, 2013	December 31, 2012
Book value per common share	$90.15	$80.29	$68.14
Accumulated dividends per common share	14.28	13.12	12.00
Book value per common share plus accumulated dividends	$104.43	$93.41	$80.14
Change in book value per common share plus change in accumulated dividends	13.7%	19.5%	16.8%
Balance sheet highlights	December 31, 2014	December 31, 2013	December 31, 2012

Total assets	$8,203,550	$8,179,131	$7,928,628
Total shareholders' equity attributable to RenaissanceRe	$3,865,715	$3,904,384	$3,503,065

Below is a discussion of the results of operations for 2014 compared to 2013.
Net income available to RenaissanceRe common shareholders was $510.3 million in 2014, compared to $665.7 million in 2013, a decrease of $155.3 million. As a result of our net income available to RenaissanceRe common shareholders in 2014, we generated an annualized return on average common equity of 14.9% and our book value per common share increased from $80.29 at December 31, 2013 to $90.15 at December 31, 2014, a 13.7% increase, after considering the change in accumulated dividends paid to our common shareholders.
The most significant events affecting our financial performance during 2014, on a comparative basis to 2013, include:

- Lower Underwriting Results - our underwriting income of $529.4 million in 2014 decreased $97.4 million from $626.7 million in 2013. The decrease in underwriting income was primarily driven by a $52.2 million decrease in net premiums earned due to a combination of lower gross premiums written during the preceding twelve months and an increase in ceded premiums written principally within our Catastrophe Reinsurance segment, a $19.0 million increase in acquisition expenses principally within our Specialty Reinsurance segment, and a $26.5 million increase in current accident year net claims and claim expenses. The increase in acquisition expenses and current accident year net claims and claim expenses was principally driven by the growth in our Specialty Reinsurance and Lloyd's segments;
- Lower Gross Premiums Written - our gross premiums written of $1,550.6 million decreased $54.8 million, or 3.4%, in 2014, compared to 2013, with the decrease principally driven by our Catastrophe segment which experienced a decrease of $186.4 million or 16.6%, partially offset by increases in our Specialty Reinsurance and Lloyd's segments' gross premiums written of $87.1 million or 33.6%, and $43.1 million or 19.0%, respectively; and
- Lower Total Investment Result - our total investment result was $164.9 million in 2014, which includes the sum of net investment income, net realized and unrealized gains on investments, and the change in net unrealized gains on fixed maturity investments available for sale, compared to $235.1 million in 2013. The decrease in total investment result was primarily driven by our investment in Essent Group Ltd. ("Essent"), which resulted in $6.7 million of net realized and unrealized gains in 2014, compared to $92.4 million of net unrealized gains in 2013, a decrease of $85.7 million.

Below is a discussion of the results of operations for 2013 compared to 2012.
Net income available to RenaissanceRe common shareholders was $665.7 million in 2013, compared to $566.0 million in 2012, an increase of $99.7 million. As a result of our net income available to RenaissanceRe common shareholders in 2013, we generated an annualized return on average common equity of 20.5% and our book value per common share increased from $68.14 at December 31, 2012 to $80.29 at December 31, 2013, a 19.5% increase, after considering the change in accumulated dividends paid to our common shareholders.
The most significant items affecting our financial performance during 2013, on a comparative basis to 2012, include:

- Improved Underwriting Results - our underwriting income of $626.7 million in 2013 increased $175.3 million from $451.5 million in 2012 and was positively impacted by a decrease in net claims and claim expenses of $153.9 million, principally due to lower insured losses in respect of large events. Included in underwriting income for 2013 was $22.9 million and $12.7 million of underwriting losses related to the May 2013 U.S. Tornadoes and the European Floods. In comparison, Storm Sandy and Hurricane Isaac resulted in $149.1 million and $26.3 million of underwriting losses in 2012, respectively. Favorable development on prior accident years was $144.0 million in 2013, compared to $158.0 million in 2012, primarily driven by the Catastrophe Reinsurance segment, as discussed further below; partially offset by
- Lower Total Investment Result - our total investment result of $235.1 million in 2013, which includes the sum of net investment income of $208.0 million, net realized and unrealized gains on investments of $35.1 million, net other-than-temporary impairments of $Nil and the decrease in net unrealized gains on fixed maturity investments available for sale of $8.0 million, decreased by $94.0 million in 2013, from

$329.1 million in 2012. The decrease in the total investment result was primarily due to lower total returns in our fixed maturity investment portfolio as a result of a rising interest rate environment in 2013, compared to the significant contraction in credit spreads yielding higher returns from our fixed maturity investment portfolio in 2012; partially offset by realized and unrealized gains in our portfolio of equity investments trading in 2013, compared to 2012, and improved returns in our portfolio of other investments, primarily driven by our investment in the common shares of Essent; and

- Net Income Attributable to Noncontrolling Interests - our net income attributable to noncontrolling interests was $151.1 million in 2013, compared to $148.0 million in 2012, an increase of $3.1 million and was primarily due to our noncontrolling economic ownership percentage in DaVinciRe decreasing to 27.3% at December 31, 2013, compared to 30.8% at December 31, 2012, resulting in an increase in the portion of DaVinciRe's net income attributable to noncontrolling interests.

Net Negative Impact of Specific Events

Net negative impact includes the sum of estimates of net claims and claim expenses incurred, earned reinstatement premiums assumed and ceded, profit commissions and redeemable noncontrolling interest. Our estimates are based on a review of our potential exposures, preliminary discussions with certain counterparties and catastrophe modeling techniques. Given the magnitude and relatively recent occurrence of these events, delays in receiving claims data, the contingent nature of business interruption and other exposures, potential uncertainties relating to reinsurance recoveries and other uncertainties inherent in loss estimation, meaningful uncertainty remains regarding losses from these events. Accordingly, our actual net negative impact from these events will vary from these preliminary estimates, perhaps materially so. Changes in these estimates will be recorded in the period in which they occur.

See the financial data below for additional information detailing the net negative impact of the European Floods and May 2013 U.S. Tornadoes on our consolidated financial statements for 2013.

Twelve months ended December 31, 2013	May 2013 U.S. Tornadoes	European Floods	Total
(in thousands, except percentages)			
Net claims and claim expenses incurred	$(26,245)	$(15,145)	$(41,390)
Reinstatement premiums earned	2,969	2,098	5,067
Profit commissions	391	388	779
Net negative impact on underwriting result	$(22,885)	$(12,659)	(35,544)
Redeemable noncontrolling interest	4,001	2,230	6,231
Net negative impact	$(18,884)	$(10,429)	$(29,313)
Percentage point impact on consolidated combined ratio	2.2	1.3	3.5
Net negative impact on Catastrophe Reinsurance segment underwriting result	$(21,903)	$(10,742)	$(32,645)
Net negative impact on Lloyd's segment underwriting result	(982)	(1,917)	(2,899)
Net negative impact on underwriting result	$(22,885)	$(12,659)	$(35,544)

During the fourth quarter of 2013, we experienced favorable development on prior accident years net claims and claim expenses related to Storm Sandy which had a net positive impact on our consolidated financial statements for 2013, as detailed in the table below.

Twelve months ended December 31, 2013	Storm Sandy
(in thousands, except percentages)	
Net claims and claim expenses incurred	$48,285
Reinstatement premiums earned	(12,894)
Ceded reinstatement premiums earned	341
Profit commissions	657
Net positive impact on underwriting result	36,389
Redeemable noncontrolling interest	(5,706)
Net positive impact	$30,683
Percentage point impact on consolidated combined ratio	(3.8)
Net positive impact on Catastrophe Reinsurance segment underwriting result	$32,805
Net positive impact on Specialty Reinsurance segment underwriting result	28
Net positive impact on Lloyd's segment underwriting result	3,556
Net positive impact on underwriting result	$36,389

See the financial data below for additional information detailing the net negative impact of Hurricane Isaac and Storm Sandy on our consolidated financial statements in 2012.

Year ended December 31, 2012	Hurricane Isaac	Storm Sandy	Total
(in thousands, except percentages)			
Net claims and claim expenses incurred	$(33,185)	$(187,944)	$(221,129)
Reinstatement premiums earned	8,863	37,437	46,300
Ceded reinstatement premiums earned	—	(385)	(385)
Profit commissions	(2,016)	1,771	(245)
Net negative impact on underwriting result	(26,338)	(149,121)	(175,459)
Redeemable noncontrolling interest - DaVinciRe	8,925	22,160	31,085
Net negative impact	$(17,413)	$(126,961)	$(144,374)
Percentage point impact on consolidated combined ratio	2.8	16.0	19.0
Net negative impact on Catastrophe Reinsurance segment underwriting result	$(25,857)	$(121,061)	$(146,918)
Net negative impact on Specialty Reinsurance segment underwriting result	—	(11,000)	(11,000)
Net negative impact on Lloyd's segment underwriting result	(481)	(17,060)	(17,541)
Net negative impact on underwriting result	$(26,338)	$(149,121)	$(175,459)

Underwriting Results by Segment
Catastrophe Reinsurance
Below is a summary of the underwriting results and ratios for our Catastrophe Reinsurance segment:

Catastrophe Reinsurance Segment Overview						
Year ended December 31,	2014		2013		2012	
(in thousands, except percentages)						
Catastrophe Reinsurance gross premiums written						
Renaissance	$622,934		$729,887		$733,963	
DaVinci	311,035		390,492		448,244	
Total Catastrophe Reinsurance gross premiums written	$933,969		$1,120,379		$1,182,207	
Net premiums written	$541,608		$753,078		$766,035	
Net premiums earned	$590,845		$723,705		$781,738	
Net claims and claim expenses incurred	1,757		7,908		165,209	
Acquisition expenses	43,161		49,161		66,665	
Operational expenses	95,851		108,130		103,811	
Underwriting income	$450,076		$558,506		$446,053	
Net claims and claim expenses incurred – current accident year	$67,268		$109,945		$275,777	
Net claims and claim expenses incurred – prior accident years	(65,511	)	(102,037	)	(110,568	)
Net claims and claim expenses incurred – total	$1,757		$7,908		$165,209	
Net claims and claim expense ratio – current accident year	11.4	%	15.2	%	35.3	%
Net claims and claim expense ratio – prior accident years	(11.1	)%	(14.1	)%	(14.2	)%
Net claims and claim expense ratio – calendar year	0.3	%	1.1	%	21.1	%
Underwriting expense ratio	23.5	%	21.7	%	21.8	%
Combined ratio	23.8	%	22.8	%	42.9	%

Catastrophe Reinsurance Gross Premiums Written – In 2014, our Catastrophe Reinsurance segment gross premiums written decreased by $186.4 million, or 16.6%, to $934.0 million, compared to $1,120.4 million in 2013, primarily driven by the continued softening of market conditions, including reduced risk-adjusted pricing for the January and June renewals, our underwriting discipline given prevailing terms and conditions, and reduced participation on certain quota share deals. Excluding the impact of $3.9 million and $24.1 million of net negative reinstatement premiums written in 2014 and 2013, respectively, both due to net reductions in net claims and claim expenses and related reinstatement premiums with respect to a number of large loss events, gross premiums written in the Catastrophe Reinsurance segment decreased $206.6 million, or 18.1%. In addition, gross premiums written in our Catastrophe Reinsurance segment in 2014 were impacted by a decrease of $32.7 million in gross premiums written related to one quota share deal and a $27.0 million multi-year transaction that occurred during 2013, and did not reoccur in 2014.
In 2013, our Catastrophe Reinsurance segment gross premiums written decreased by $61.8 million, or 5.2%, to $1,120.4 million, compared to $1,182.2 million in 2012, primarily reflecting reduced risk-adjusted pricing in the catastrophe markets we serve, including the Florida market as a whole, and the non-renewal of a number of contracts during the January and June 2013 renewals; net negative reinstatement premiums written of $24.1 million principally related to Storm Sandy, the Tohoku Earthquake and the Thailand Floods; and partially offset by $65.6 million of gross premiums written related to increased quota share premium and $27.0 million associated with a multi-year transaction.

Excluding the impact of the $24.1 million of net negative reinstatement premiums written and $17.1 million of net positive reinstatement premiums written in 2013 and 2012, respectively, gross premiums written decreased $20.6 million, or 1.8% primarily due to the reduction in gross premiums written, discussed above.

Our Catastrophe Reinsurance segment gross premiums written continue to be characterized by a large percentage of U.S. and Caribbean premium, as we have found business derived from exposures in Europe, Asia and the rest of the world to be, in general, less attractive on a risk-adjusted basis during recent periods. A significant amount of our U.S. and Caribbean premium provides coverage against windstorms, notably including U.S. Atlantic windstorms, as well as earthquakes and other natural and man-made catastrophes.

Year ended December 31,	2014	2013	2012
(in thousands)			
Ceded premiums written - Catastrophe Reinsurance segment	$392,361	$367,301	$416,172

Catastrophe Reinsurance Ceded Premiums Written – Ceded premiums written in our Catastrophe Reinsurance segment increased $25.1 million to $392.4 million in 2014, compared to $367.3 million in 2013, primarily reflecting additional purchases of retrocessional reinsurance, including coverage specific to U.S. windstorms in the State of Florida, given the softening retrocessional marketplace in 2014, compared to 2013, and $65.5 million of ceded premiums written through Upsilon RFO in 2014, compared to $37.5 million in 2013, partially offset by reduced participation on a ceded reinsurance proportional program driven in part by lower gross premiums written in our Catastrophe Reinsurance segment, as noted above.

Ceded premiums written in our Catastrophe Reinsurance segment decreased $48.9 million to $367.3 million in 2013, compared to $416.2 million in 2012, primarily reflecting the non-renewal of a number of transactions when we constructed our portfolio during the June renewals, thereby retaining more of the attractive risks given the current market conditions, and the non-renewal of Timicuan Reinsurance III Limited which resulted in $37.7 million of ceded premiums written in 2012, partially offset by the inception of new contracts, including the external cession of $37.5 million of premium related to Upsilon RFO during 2013.

Due to the potential volatility of the property catastrophe reinsurance contracts which we sell, we purchase reinsurance to reduce our exposure to large losses and to help manage our risk portfolio. We use our REMS© modeling system to evaluate how each purchase interacts with our portfolio of reinsurance contracts we write, and with the other ceded reinsurance contracts we purchase, to determine the appropriateness of the pricing of each contract and whether or not it helps us to balance our portfolio of risks.

To the extent that appropriately priced coverage is available, we anticipate continued use of reinsurance to reduce the impact of large losses on our financial results and to manage our portfolio of risk; however, the buying of ceded reinsurance in our Catastrophe Reinsurance segment is based on market opportunities and is not based on placing a specific reinsurance program each year. In addition, in future periods we may utilize the growing market for insurance-linked securities to expand our ceded reinsurance buying if we find the pricing and terms of such coverages attractive.

Catastrophe Reinsurance Underwriting Results – Our Catastrophe Reinsurance segment generated underwriting income of $450.1 million in 2014, compared to $558.5 million in 2013, a decrease of $108.4 million. In 2014, our Catastrophe Reinsurance segment generated a net claims and claim expense ratio of 0.3%, an underwriting expense ratio of 23.5% and a combined ratio of 23.8%, compared to 1.1%, 21.7% and 22.8%, respectively, in 2013.

The $108.4 million decrease in underwriting income in our Catastrophe Reinsurance segment in 2014, compared to 2013, was primarily driven by a $132.9 million decrease in net premiums earned as a result of the decrease in gross premiums written, combined with an increase of $41.2 million in ceded premiums earned as a result of the increase in ceded premiums written.

Our Catastrophe Reinsurance segment experienced a relatively low level of insured catastrophe loss activity in 2014, resulting in current accident year net claims and claim expenses of $67.3 million, compared

to $109.9 million in 2013, primarily attributable to a number of relatively small U.S. wind and thunderstorm events. During 2014, we experienced $65.5 million of favorable development on prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment, compared to $102.0 million in 2013. The favorable development in 2014 was principally comprised of favorable development of $20.1 million, $13.9 million, $9.3 million, $7.6 million, $6.7 million and $6.6 million related to Storm Sandy, the 2011 April and May U.S. Tornadoes, the 2011 Thailand Floods, the 2013 Eastern European Floods, a 2013 U.S. wind and thunderstorm event and the 2008 Hurricanes (Gustav and Ike), respectively, offset by adverse development of $24.7 million related to the 2010 New Zealand Earthquake, each principally the result of changes in estimated ultimate losses for each respective event, with the remainder due to net favorable development on a number of other events.

Our Catastrophe Reinsurance segment generated underwriting income of $558.5 million in 2013, compared to $446.1 million in 2012, an increase of $112.5 million. In 2013, our Catastrophe Reinsurance segment generated a net claims and claim expense ratio of 1.1%, an underwriting expense ratio of 21.7% and a combined ratio of 22.8%, compared to 21.1%, 21.8% and 42.9%, respectively, in 2012.

The $112.5 million increase in the Catastrophe Reinsurance segment's underwriting result and 20.1 percentage point decrease in the combined ratio were driven by a relatively light catastrophe loss year resulting in a $165.8 million decrease in current accident year net claims and claim expenses, combined with a $17.5 million decrease in acquisition expenses, partially offset by a $58.0 million decrease in net premiums earned. Included in underwriting results for the Catastrophe Reinsurance segment in 2013 are $21.9 million and $10.7 million of underwriting losses related to the May 2013 U.S. Tornadoes and the European Floods, respectively. The decrease in acquisition expenses is primarily attributable to increases in profit commissions on certain ceded reinsurance contracts entered into which are netted with acquisition expenses, as discussed further below.

In addition, the net positive impact on the Catastrophe Reinsurance segment's underwriting results from our review of Storm Sandy during the fourth quarter of 2013 was $32.8 million, or 6.8 percentage points on the combined ratio, as detailed in the table below.

Year ended December 31, 2013	Storm Sandy	
(in thousands, except percentages)		
Net claims and claim expenses incurred	$44,460	
Reinstatement premiums earned	(12,653	)
Ceded reinstatement premiums earned	341	
Profit commissions	657	
Net positive impact on Catastrophe Reinsurance segment underwriting result	$32,805	
Percentage point impact on Catastrophe Reinsurance segment combined ratio	(6.8	)

During 2013, we experienced $102.0 million of favorable development on prior accident years net claims and claim expenses within the Catastrophe Reinsurance segment, compared to $110.6 million in 2012, primarily due to $44.5 million, $18.0 million, $16.3 million and $10.9 million of favorable development related to reductions in the expected ultimate net loss for Storm Sandy (as detailed in the table above), the Tohoku Earthquake, the 2008 Hurricanes and the 2011 New Zealand Earthquake, respectively, as reported claims on these events came in lower than expected, and $34.2 million of net favorable development related to a number of other catastrophes principally the result of reported claims coming in lower than expected, resulting in decreases to the ultimate claims for these events through the application of our formulaic actuarial reserving methodology. Partially offsetting the reductions noted above was adverse development on the 2010 New Zealand Earthquake, U.S. PSC 70 and Hurricane Isaac of $11.0 million, $8.2 million and $2.6 million, respectively, associated with an increase in reported gross ultimate losses.

See "Part II, Item 7. Summary of Critical Accounting Estimates, Claims and Claim Expense Reserves" for additional discussion of our reserving techniques and prior year development of net claims and claim expenses.

During periods in which we experience relatively low levels of property catastrophe loss activity, such as 2014 and 2013, we have the potential to produce a low level of losses and a related increase in underwriting income. As described herein, we believe there is likely to be an increase in the severity, and possibly the frequency, of weather related natural disasters and catastrophes relative to the historical experience over the past 100 years, including the frequency and severity of hurricanes that have the potential to make landfall in the U.S., potentially as a result of decadal ocean water temperature cyclical trends, changes in expected sea levels and a longer-term trend towards global warming.

We have entered into joint ventures and specialized quota share cessions of our book of business. In accordance with the joint venture and quota share agreements, we are entitled to certain profit commissions and fee income. We record these profit commissions and fees as a reduction in acquisition and operating expenses and, accordingly, these profit commissions and fees have reduced our underwriting expense ratios. These profit commissions and fees totaled $86.8 million, $86.0 million and $65.4 million in 2014, 2013 and 2012, respectively, and resulted in a corresponding decrease to the Catastrophe Reinsurance segment underwriting expense ratio of 14.7%, 11.9% and 8.4%, respectively. In addition, we are entitled to certain fee income and profit commissions from DaVinci. Because the results of DaVinci, and its parent DaVinciRe, are consolidated in our results of operations, these fees and profit commissions are eliminated in our consolidated financial statements and are principally reflected in redeemable noncontrolling interest – DaVinciRe. The net impact of all fees and profit commissions related to these joint ventures and specialized quota share cessions within our Catastrophe Reinsurance segment was $142.8 million, $145.9 million and $120.0 million in 2014, 2013 and 2012, respectively.

Specialty Reinsurance

Below is a summary of the underwriting results and ratios for our Specialty Reinsurance segment:

Specialty Reinsurance Segment Overview			
Year ended December 31,	2014	2013	2012
(in thousands, except percentages)			
Specialty Reinsurance gross premiums written			
Renaissance	$344,591	$256,354	$207,387
DaVinci	2,047	3,135	2,500
Total Specialty Reinsurance gross premiums written	$346,638	$259,489	$209,887
Net premiums written	$295,855	$248,562	$201,552
Net premiums earned	$253,537	$214,306	$164,685
Net claims and claim expenses incurred	88,502	67,236	76,813
Acquisition expenses	60,936	41,538	23,826
Operational expenses	43,370	31,780	29,124
Underwriting income	$60,729	$73,752	$34,922
Net claims and claim expenses incurred – current accident year	$144,411	$101,347	$110,959
Net claims and claim expenses incurred – prior accident years	(55,909)	(34,111)	(34,146)
Net claims and claim expenses incurred – total	$88,502	$67,236	$76,813
Net claims and claim expense ratio – current accident year	57.0%	47.3%	67.4%
Net claims and claim expense ratio – prior accident years	(22.1)%	(15.9)%	(20.8)%
Net claims and claim expense ratio – calendar year	34.9%	31.4%	46.6%
Underwriting expense ratio	41.1%	34.2%	32.2%
Combined ratio	76.0%	65.6%	78.8%

Specialty Reinsurance Gross Premiums Written – In 2014, our Specialty Reinsurance segment gross premiums written increased $87.1 million, or 33.6%, to $346.6 million, compared to $259.5 million in 2013, driven primarily by increases in certain financial liability and casualty related lines of business.

In 2013, our Specialty Reinsurance segment gross premiums written increased $49.6 million, or 23.6%, to $259.5 million, compared to $209.9 million in 2012, primarily due to the inception of a number of new contracts which met our risk-adjusted return thresholds, including additional quota share business.

During 2014 and 2013, we experienced growth in a number of our specialty lines of business and will continue to seek to expand our specialty reinsurance operations through this platform, although we cannot assure you that we will do so. Our specialty reinsurance premiums are prone to significant volatility as this business is characterized by a relatively small number of comparably large transactions.

Our Specialty Reinsurance segment gross premiums written in force at December 31, 2014 reflected a relatively larger proportion of quota share reinsurance compared to excess of loss reinsurance than in comparative periods. Our relative mix of business between quota share, or proportional business, and excess of loss business has fluctuated in the past and will likely vary in the future. Quota share business typically has relatively higher premiums per unit of expected underwriting income than traditional excess of loss reinsurance. In addition, quota share coverage tends to be exposed to relatively more attritional, and frequent, losses while subject to less expected severity. Moreover, market conditions for our Specialty Reinsurance segment have been impacted by a trend towards increased ceding commissions on our assumed quota share reinsurance.

Specialty Reinsurance Underwriting Results – Our Specialty Reinsurance segment generated underwriting income of $60.7 million in 2014, compared to $73.8 million in 2013. In 2014, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 34.9%, an underwriting expense ratio of 41.1% and a combined ratio of 76.0%, compared to 31.4%, 34.2% and 65.6%, respectively, in 2013.

The $13.0 million decrease in our Specialty Reinsurance segment's underwriting income during 2014, compared to 2013, was principally driven by a $43.1 million increase in current accident year net claims and claim expenses and a $31.0 million increase in underwriting expenses, partially offset by a $39.2 million increase in net premiums earned due to the increase in gross premiums written, as noted above. The $43.1 million increase in current accident year net claims and claim expenses is principally driven by attritional losses arising from the increase in net premiums earned during 2014, compared to 2013, combined with a number of large losses. The $31.0 million increase in underwriting expenses is primarily driven by the increase in net premiums earned, combined with the relative increase in the percentage of quota share reinsurance, compared to excess of loss reinsurance, as a percentage of gross premiums written within the Specialty Reinsurance segment, as quota share reinsurance typically carries a higher acquisition expense ratio, compared to excess of loss reinsurance. In addition, operational expenses in our Specialty Reinsurance segment have increased to support the growth in this segment.

The favorable development of $55.9 million in 2014 was primarily driven by reported claims coming in lower than expected on prior accident years events, as a result of the application of our formulaic actuarial reserving methodology and a $10.5 million reduction in estimated ultimate losses with respect to potential exposure to LIBOR related claims from prior accident years.

Our Specialty Reinsurance segment generated underwriting income of $73.8 million in 2013, compared to $34.9 million in 2012. In 2013, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 31.4%, an underwriting expense ratio of 34.2% and a combined ratio of 65.6%, compared to 46.6%, 32.2% and 78.8%, respectively, in 2012. The $38.8 million increase in underwriting income and 13.2 percentage point decrease in the combined ratio is primarily due to a $49.6 million increase in net premiums earned as a result of the growth in gross premiums written over the prior twelve months and a $9.6 million decrease in net claims and claim expenses, partially offset by a $17.7 million increase in acquisition expenses due to higher net premiums earned and a higher proportion of quota share reinsurance premiums which have a higher acquisition expense ratio. Current accident year net claims and claim expenses of $101.3 million in 2013 were principally the result of the application of our formulaic actuarial reserving methodologies for establishing incurred but not reported reserves for net claims and claim expenses.

The favorable development of $34.1 million in 2013 was primarily driven by $10.4 million associated with actuarial assumption changes in the first quarter of 2013, principally in our casualty clash and casualty risk lines of business, and primarily as a result of revised claim development factors based on actual loss experience, and $23.7 million due to paid and reported claims activity coming in lower than expected on prior accident years events, as a result of the application of our formulaic actuarial reserving methodology.

See "Part II, Item 7. Summary of Critical Accounting Estimates, Claims and Claim Expense Reserves" for additional discussion of our reserving techniques and prior year development of net claims and claim expenses.

Lloyd’s Segment

Below is a summary of the underwriting results and ratios for our Lloyd’s segment:

Lloyd’s Segment Overview			
Year ended December 31,	2014	2013	2012
(in thousands, except percentages)			
Lloyd’s gross premiums written			
Specialty	$214,290	$188,663	$123,099
Catastrophe	55,366	37,869	36,888
Total Lloyd’s gross premiums written	$269,656	$226,532	$159,987
Net premiums written	$230,429	$201,697	$135,131
Net premiums earned	$217,666	$176,029	$122,968
Net claims and claim expenses incurred	113,825	95,693	80,242
Acquisition expenses	46,927	34,823	22,864
Operational expenses	51,115	50,540	45,680
Underwriting income (loss)	$5,799	$(5,027)	$(25,818)
Net claims and claim expenses incurred – current accident year	$130,066	$103,949	$96,444
Net claims and claim expenses incurred – prior accident years	(16,241)	(8,256)	(16,202)
Net claims and claim expenses incurred – total	$113,825	$95,693	$80,242
Net claims and claim expense ratio – current accident year	59.8%	59.1%	78.4%
Net claims and claim expense ratio – prior accident years	(7.5)%	(4.7)%	(13.1)%
Net claims and claim expense ratio – calendar year	52.3%	54.4%	65.3%
Underwriting expense ratio	45.0%	48.5%	55.7%
Combined ratio	97.3%	102.9%	121.0%

Lloyd’s Gross Premiums Written – Gross premiums written in our Lloyd’s segment increased $43.1 million, or 19.0%, to $269.7 million in 2014, compared to $226.5 million in 2013, primarily due to Syndicate 1458 continuing to grow organically in the Lloyd’s marketplace, principally in its property and casualty lines of business, notwithstanding challenging market conditions.

Gross premiums written in our Lloyd’s segment increased by $66.5 million, or 41.6%, to $226.5 million in 2013, compared to $160.0 million in 2012, primarily due to Syndicate 1458 continuing to organically grow its specialty book of business across several of its lines of business.

Lloyd’s Underwriting Results – Our Lloyd’s segment generated underwriting income of $5.8 million and a combined ratio of 97.3% in 2014, compared to an underwriting loss of $5.0 million and a combined ratio of 102.9% in 2013. Impacting the underwriting result of our Lloyd’s segment is a $41.6 million increase in net premiums earned principally driven by the increase in gross premiums written, noted above, partially offset by a $26.1 million increase in current accident year net claims and claim expenses, and a $12.7 million increase in underwriting expenses, each as discussed below.

Our Lloyd’s segment experienced current accident year net claims and claim expenses of $130.1 million and a current accident year net claims and claim expense ratio of 59.8% in 2014, compared to $103.9 million and 59.1% in 2013, respectively, with the $26.1 million increase in current accident year net claims and claim expenses principally due to attritional loss activity driven by the increase in net premiums earned noted above.

Our Lloyd's segment incurred underwriting expenses of $98.0 million and an underwriting expense ratio of 45.0% in 2014, compared to $85.4 million and 48.5% in 2013, respectively, with the $12.7 million increase in underwriting expenses primarily driven by increased acquisition expenses as a result of the increased proportion of quota share and delegated authority business written, which generally carry higher acquisition expenses, compared to non-proportional business. Operating expenses of $51.1 million in 2014 were relatively flat compared to $50.5 million in 2013.

The favorable development of prior accident years net claims and claim expenses within our Lloyd's segment of $16.2 million during 2014 was principally due to reported claims activity coming in lower than expected on prior accident years events and 2014 was also impacted by a $4.1 million reduction in the estimated ultimate loss related to Storm Sandy.

Our Lloyd's segment incurred an underwriting loss of $5.0 million and a combined ratio of 102.9% in 2013, compared to an underwriting loss of $25.8 million and a combined ratio of 121.0%, respectively, in 2012. The $20.8 million improvement in the underwriting result for our Lloyd's segment is primarily due to an increase in net premiums earned of $53.1 million, as a result of the increase in gross premiums written, noted above, and the relatively low level of insured catastrophe loss activity during 2013, compared to 2012 which was negatively impacted by Storm Sandy which resulted in $17.1 million of underwriting losses and increased the combined ratio by 16.2 percentage points in 2012, and partially offset by increased underwriting expenses and lower favorable development on prior accident years net claims and claim expenses, each as discussed below. In addition, our Lloyd's segment's underwriting expense ratio decreased to 48.5% in 2013, compared to 55.7% in 2012, driven in part by the increase in net premiums earned, noted above, and in part by a relatively smaller increase in our Lloyd's segment underwriting expenses as underwriting expenses for our Lloyd's segment are increasing at a slower rate. Our Lloyd's segment experienced current accident year net claims and claim expenses of $103.9 million during 2013, compared to $96.4 million in 2012, which includes $2.1 million and $1.0 million related to the European Floods and May 2013 U.S. Tornadoes, respectively, with the remainder primarily related to attritional loss activity.

Operational expenses increased $4.9 million to $50.5 million in 2013, compared to 2012, and principally include compensation and related operating expenses. Acquisition expenses increased $12.0 million to $34.8 million in 2013, compared to 2012, primarily due to the increase in gross premiums written in our Lloyd's segment, as discussed above. The decrease in the underwriting expense ratio to 48.5% in 2013, from 55.7% in 2012, was primarily driven by the increase in net premiums earned which increased at a higher rate than the increase in underwriting expenses.

The favorable development of prior accident year net claims and claim expenses within our Lloyd's segment of $8.3 million during 2013 was principally due to reported claims activity coming in lower than expected on prior accident years events.

See "Part II, Item 7. Summary of Critical Accounting Estimates, Claims and Claim Expense Reserves" for additional discussion of our reserving techniques and prior year development of net claims and claim expenses.

Other Underwriting Income (Loss)

Year ended December 31,	2014	2013	2012
(in thousands)			
Underwriting income (loss)	$12,750	$(498)	$(3,706)

Included in our Other category are primarily the underwriting results related to the remnants of our Bermuda-based insurance operations.

Included in our Other category was underwriting income of $12.8 million in 2014, primarily due to the release of $6.7 million of profit commissions as a result of the commutation of several quota share agreements and a reduction in the estimated ultimate losses on a proportional property contract of $6.1 million, each related to our former Insurance segment.

Included in our Other category was an underwriting loss of $0.5 million in 2013, primarily due to $0.5 million of net adverse development on prior accident years net claims and claim expenses.

Included in our Other category was an underwriting loss of $3.7 million in 2012, primarily due to our entering into a loss portfolio transfer in respect of our contractor's liability book of business within RenaissanceRe Specialty Risks, whereby we transfered net liabilities of $29.1 million, resulting in a loss of $7.4 million which was recorded as prior accident years net claims and claims expenses, partially offset by favorable development related to the application of our formulaic actuarial reserving methodology with the reductions being due to actual paid and reported claim activity being more favorable to date than what was originally anticipated when setting the initial reserves.

Net Investment Income

Year ended December 31,	2014	2013	2012
(in thousands)			
Fixed maturity investments	$100,855	$95,907	$103,330
Short term investments	944	1,698	1,007
Equity investments trading	3,450	2,295	1,086
Other investments			
Hedge funds and private equity investments	18,867	45,810	36,635
Other	11,144	73,692	35,196
Cash and cash equivalents	395	191	277
	135,655	219,593	177,531
Investment expenses	(11,339)	(11,565)	(11,806)
Net investment income	$124,316	$208,028	$165,725

Net investment income was $124.3 million in 2014, compared to $208.0 million in 2013, a decrease of $83.7 million, principally due to lower returns in our portfolio of private equity investments, driven by weaker returns in the public equity markets, and due to unrealized gains of $56.9 million included in net investment income in 2013 related to our investment in Essent, as discussed in detail below.

At June 30, 2014, we had a corporate fixed maturity investment of $30.2 million in the convertible preferred equity of Trupanion, for which we measured the fair value using Level 3 inputs. On July 18, 2014, Trupanion common stock began publicly trading on the NYSE. Effective immediately prior to the closing of the IPO of Trupanion, our investment in the convertible preferred equity of Trupanion was converted into 2.5 million common shares of Trupanion. Trupanion common shares began publicly trading on the NYSE on July 18, 2014 at a share price of $10.00, resulting in a fair value of $24.6 million. Following the IPO, we transferred our investment in Trupanion from corporate fixed maturity investments to our portfolio of equity investments trading on our consolidated balance sheet and any realized and unrealized gains or losses related to Trupanion from the IPO price are included in net realized and unrealized gains (losses) on investments on our consolidated statements of operations. Included in equity investments trading at December 31, 2014 is $17.1 million related to our investment in Trupanion.

Low interest rates in recent years have lowered the yields at which we invest our assets relative to historical levels, and combined with the current composition of our investment portfolio and other factors, we expect these developments to constrain investment income growth for the near term. The hedge fund, private equity and other investment portfolios are accounted for at fair value with the change in fair value recorded in net investment income, which included net unrealized losses of $1.4 million in 2014, compared to unrealized gains of $75.8 million in 2013.

Net investment income was $208.0 million in 2013, compared to $165.7 million in 2012. The $42.3 million increase in net investment income was primarily driven by a $47.7 million increase related to our portfolio of other investments principally driven by an increase in the fair value of our investment in the common shares of Essent included in the other category of our portfolio of other investments prior to October 31, 2013 (see below for additional details with respect to Essent), and higher returns in our private equity investments as a result of improved equity market prices.

At September 30, 2013, we had an investment of $48.0 million in the common shares of Essent, a then private company, which we recorded in other investments on our consolidated balance sheet with fair value adjustments recorded in net investment income on our consolidated statements of operations. On October 31, 2013, Essent's common shares began publicly trading on the NYSE and at that time, we

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reclassified our investment in Essent as equity investments trading on our consolidated balance sheet and subsequently recognized any realized and unrealized gains or losses related to our investment in Essent following the initial public offering price in net realized and unrealized gains on investments in our consolidated statements of operations in the period in which they occur. During the period from January 1, 2013 through October 30, 2013, we recorded $56.9 million of net investment income related to the estimated increase in the fair value of our investment in Essent. From October 31, 2013 through December 31, 2013, we recorded $35.5 million of unrealized gains in net realized and unrealized gains on investments in our consolidated statements of operations in respect of our investment in Essent. At December 31, 2014, the fair value of our investment in Essent was $120.0 million (2013 - $121.1 million) and we recorded $6.7 million of net realized and unrealized gains in 2014, related to our investment in Essent, compared to $92.4 million of net unrealized gains in 2013.

Commencing in the first quarter of 2011, we established an internal portfolio of certain publicly traded equities which are reflected in our consolidated balance sheet as equity investments trading. During the first quarter of 2013, we sold substantially all of the securities then held in our portfolio of internally managed public equity investments trading. Subsequently in the second quarter of 2013, we established a public equity securities mandate with a third party investment manager, which currently comprises a majority of our investments included in equity investments trading. It is possible our equity allocation will increase in the future, although we do not expect it to represent a material portion of our invested assets or to have a material effect on our financial results for the reasonably foreseeable future. Our equity investments trading are carried at fair value with dividend income included in net investment income, and realized and unrealized gains included in net realized and unrealized gains on investments, in our consolidated statements of operations and generated $3.5 million of net investment income in 2014, compared to $2.3 million in 2013 and $1.1 million in 2012.

Net Realized and Unrealized Gains on Investments and Net Other-Than-Temporary Impairments

Year ended December 31,	2014	2013	2012
(in thousands)			
Gross realized gains	$45,568	$72,492	$97,787
Gross realized losses	(14,868)	(50,206)	(16,705)
Net realized gains on fixed maturity investments	30,700	22,286	81,082
Net unrealized (losses) gains on fixed maturity investments trading	19,680	(87,827)	75,279
Net realized and unrealized gains (losses) on investments-related derivatives	(30,931)	31,058	(866)
Net realized gains on equity investments trading	10,908	26,650	—
Net unrealized gains on equity investments trading	11,076	42,909	7,626
Net realized and unrealized gains on investments	$41,433	$35,076	$163,121
Total other-than-temporary impairments	—	—	(395)
Portion recognized in other comprehensive income, before taxes	—	—	52
Net other-than-temporary impairments	$—	$—	$(343)

Our investment portfolio is structured to seek to preserve capital and provide us with a high level of liquidity. A large majority of our investments are invested in the fixed income markets and, therefore, our realized and unrealized holding gains and losses on investments are highly correlated to fluctuations in interest rates. Therefore, as interest rates decline, we will tend to have realized and unrealized gains from our investment portfolio, and as interest rates rise, we will tend to have realized and unrealized losses from our investment portfolio.

Net realized and unrealized gains on investments were $41.4 million in 2014, compared to gains of $35.1 million in 2013, an improvement of $6.4 million. Included in net realized and unrealized gains on investments are the following components:

- net unrealized gains on our fixed maturity investments trading improved $107.5 million, to $19.7 million in 2014, from net unrealized losses of $87.8 million in 2013, and was positively impacted by a reshaping of the yield curve which experienced decreasing rates in longer dated maturities, as compared to short and intermediate term maturities during 2014, compared to the significant steepening of the yield curve that occurred in 2013. This was partially offset by a decrease of $62.0 million in net realized and unrealized losses on investments-related derivatives, to a loss of $30.9 million in 2014, from a gain of $31.1 million in 2013, which was conversely impacted by the factors noted above in 2014, compared to 2013; and
- a decrease in net unrealized gains on equity investments trading of $31.8 million, and a decrease in net realized gains on equity investments trading of $15.7 million in 2014, compared to 2013, principally driven by weaker returns in the public equity markets during 2014, compared to 2013. Also impacting net unrealized and realized gains on investments was our investment in Essent, which resulted in net realized and unrealized gains of $6.7 million during 2014, compared to $35.5 million of unrealized gains during 2013.

Net realized and unrealized gains on investments were $35.1 million in 2013, compared to gains of $163.1 million in 2012, a decrease of $128.0 million. The net unrealized losses on our fixed maturity investments trading of $87.8 million during 2013, deteriorated $163.1 million, compared to unrealized gains of $75.3 million in 2012, primarily due to a rising interest rate environment during 2013, compared to 2012 where significant contraction in credit spreads yielded positive returns from our fixed maturity investment portfolio. In addition, realized gains on equity investments trading of $26.7 million was principally the result of the sale of substantially all of our portfolio of internally managed public equity investments trading during the first quarter of 2013. Unrealized gains on equity investments trading of $42.9 million in 2013, increased $35.3 million, compared to $7.6 million in 2012, principally due to unrealized gains of $35.5 million recorded in the fourth quarter of 2013 related to our investment in Essent (as discussed above in “Net Investment Income”), combined with improved pricing in equity markets for 2013.

Equity in Earnings of Other Ventures

Year ended December 31,	2014	2013	2012
(in thousands)			
Tower Hill Companies	$18,376	$10,270	$4,965
Top Layer Re	10,411	13,836	20,792
Other	(2,712)	(912)	(2,519)
Total equity in earnings of other ventures	$26,075	$23,194	$23,238

Equity in earnings of other ventures primarily represents our pro rata share of the net income from our investments in Top Layer Re and the Tower Hill Companies, and, except for Top Layer Re, is recorded one quarter in arrears.

Equity in earnings of other ventures was $26.1 million in 2014, compared to $23.2 million in 2013, with the increase principally driven by improved earnings in the Tower Hill Companies primarily as a result of stronger underwriting results, and partially offset by decreased earnings in Top Layer Re primarily driven by weaker underwriting results as a result of lower renewal rates during January 2014 for the high-layer business entered into by Top Layer Re.

Our equity in earnings of other ventures of $23.2 million in 2013 was relatively flat when compared to 2012.

The carrying value of these investments on our consolidated balance sheets, individually or in the aggregate, may differ from the realized value we may ultimately attain, perhaps significantly so.

Other Loss

Year ended December 31,	2014	2013	2012
(in thousands)			
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	$1,321	$(2,517)	$(4,648)
Other	(1,744)	158	2,528
Total other loss	$(423)	$(2,359)	$(2,120)

In 2014, we incurred an other loss of $0.4 million, compared to $2.4 million in 2013. The reduction in other loss is principally the result of the increase in fair value of our assumed and ceded reinsurance contracts accounted for as derivatives.

In 2013, we incurred an other loss of $2.4 million, compared to an other loss of $2.1 million in 2012. The $0.2 million deterioration in other loss is the result of a reduction in other income from miscellaneous other items, partially offset by a loss on the fair value of assumed and ceded reinsurance contracts accounted for as deposits.

Corporate Expenses

Year ended December 31,	2014	2013	2012
(in thousands)			
Total corporate expenses	$22,987	$33,622	$16,456

Corporate expenses include certain executive, director, legal and consulting expenses, costs for research and development, impairment charges related to goodwill and other intangible assets, and other miscellaneous costs, including those associated with operating as a publicly traded company. Corporate expenses decreased $10.6 million to $23.0 million in 2014, compared to $33.6 million in 2013, primarily due to costs associated with senior management transitions in 2013 that did not reoccur, partially offset by $6.7 million of expenses incurred during the fourth quarter of 2014 related to the proposed Merger with Platinum announced on November 24, 2014.

Corporate expenses were $33.6 million in 2013, compared to $16.5 million in 2012, with the increase primarily driven by the senior management transition changes announced during the second quarter of 2013 which totaled $16.8 million.

Interest Expense and Preferred Share Dividends

Year ended December 31,	2014	2013	2012
(in thousands)			
Interest expense			
$250 million 5.75% Senior Notes	$14,375	$14,375	$14,375
$100 million 5.875% Senior Notes	—	—	5,875
Other	2,789	3,554	2,847
Total interest expense	17,164	17,929	23,097
Preferred share dividends			
$125 million 6.08% Series C Preference Shares (1)	7,600	11,317	15,200
$150 million 6.60% Series D Preference Shares (1)	—	13,631	19,698
$275 million 5.375% Series E Preference Shares (1)	14,781	8,786	—
Total preferred share dividends	22,381	24,948	34,895
Total interest expense and preferred share dividends	$39,545	$42,877	$57,992

(1)

During May 2013, we raised $275.0 million through the issuance of 11 million Series E Preference Shares, and subsequently redeemed the remaining 6 million Series D Preference Shares for $150.0 million and 5 million Series C Preference Shares for $125.0 million, or a total of $275.0 million. See "Capital Resources" for additional information.

Interest expense was was relatively flat at $17.2 million in 2014, compared to $17.9 million in 2013. Our preferred share dividends in 2014 were $22.4 million, compared to $24.9 million in 2013, with the $2.6 million decrease driven by our outstanding 5.375% Series E Preference Shares having a lower coupon rate than the coupon rate on the previously outstanding $150.0 million of 6.60% Series D Preference Shares and $125.0 million of 6.08% Series C Preference Shares, which we redeemed in May 2013.

Interest expense was $17.9 million in 2013, compared to $23.1 million in 2012, with the decrease driven by the repayment of our 5.875% Senior Notes upon their scheduled maturity of February 15, 2013 using available cash and investments. In addition, our preferred share dividends in 2013 were $24.9 million, compared to $34.9 million in 2012, with the $9.9 million decrease driven by the redemption of our remaining 6 million Series D Preference Shares and 5 million Series C Preference Shares upon the issuance of our Series E Preference Shares in May 2013. With the redemption of our remaining outstanding Series D Preference Shares and 5 million Series C Preference Shares as noted in the table above, and in the absence of issuing new preference shares, we expect our future preference share dividends to decrease in 2014 as a result of the lower coupon rate on the Series E Preference Shares, relative to the Series C and Series D Preference Shares.

Income Tax Expense

Year ended December 31,	2014	2013	2012
(in thousands)			
Income tax expense	$(608)	$(1,692)	$(1,413)

We are subject to income taxes in certain jurisdictions in which we operate; however, 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. During 2014, we incurred an income tax expense of $0.6 million, compared to income tax expense of $1.7 million and $1.4 million, in 2013 and 2012, respectively.

At December 31, 2014, our U.S. tax-paying subsidiaries had a net deferred tax asset of $48.5 million, for which a full valuation allowance has been provided, as we determined that it was more likely than not that we would not be able to recover our U.S. net deferred tax asset at December 31, 2014. Our Ireland, U.K. and Singapore operations have produced GAAP taxable losses and we currently do not believe it is more likely than not that we will be able to recover our net deferred tax assets from these jurisdictions. Our valuation allowance totaled $61.7 million and $56.1 million at December 31, 2014 and 2013, respectively.

Our effective income tax rate, which we calculate as income tax expense divided by income before taxes, may fluctuate significantly from period to period depending on the geographic distribution of pre-tax income in any given period between different jurisdictions with comparatively higher tax rates and those with comparatively lower tax rates. The geographic distribution of pre-tax income can vary significantly between periods due to, but not limited to, the following factors: the business mix of net premiums written and earned; the size and nature of net claims and claim expenses incurred; the amount and geographic location of operating expenses, net investment income, net realized and unrealized gains (losses) on investments; outstanding debt and related interest expense; and the amount of specific adjustments to determine the income tax basis in each of our operating jurisdictions. In addition, a significant portion of our gross and net premiums are currently written and earned in Bermuda, which does not have a corporate income tax, including the majority of our catastrophe business, which can result in significant volatility to our pre-tax income (loss) in any given period. We expect our consolidated effective tax rate to increase in the future, as our global operations outside of Bermuda expand, including in connection with the potential acquisition of Platinum. In addition, it is possible that we could be adversely affected by changes in tax laws, regulation, or enforcement, any of which could increase our effective tax rate more rapidly or steeply than we currently anticipate.

The preponderance of our revenue and pre-tax income is generated by our domestic operations (i.e., Bermuda) in the form of underwriting income and net investment income, when compared to our foreign operations. The geographic distribution of pre-tax income can vary significantly between periods due to, but not limited to, the following factors:

the business mix of net premiums written and earned; the size and nature of net claims and claim expenses incurred; the amount and geographic location of operating expenses, net investment income and net realized and unrealized gains (losses) on investments; and the amount of specific adjustments to determine the income tax basis in each of our operating jurisdictions.

Pre-tax income for our domestic operations (i.e., Bermuda) was higher compared to our foreign operations for the years ended December 31, 2014, 2013 and 2012 primarily as a result of the more volatile catastrophe business underwritten in our Bermuda operations during these periods being relatively free of catastrophe losses and thus generating higher levels of net underwriting income than our foreign operations, which underwrite primarily less volatile business and as a result produce lower levels of net underwriting income in benign loss years.

Net Income Attributable to Noncontrolling Interests

Year ended December 31,	2014	2013	2012
(in thousands)			
Net income attributable to noncontrolling interests	$(153,538)	$(151,144)	$(148,040)

Our net income attributable to noncontrolling interests was $153.5 million in 2014, compared to $151.1 million in 2013. The $2.4 million increase in net income attributable to noncontrolling interests is principally due to a decrease in our ownership in DaVinciRe to 23.4% at December 31, 2014, compared to 27.3% at December 31, 2013, resulting in an increase in the net income attributable to noncontrolling interests, partially offset by a decrease in the profitability of DaVinciRe.

Our net income attributable to the noncontrolling interests was $151.1 million in 2013, compared to $148.0 million in 2012. The $3.1 million change was primarily due to our noncontrolling economic ownership percentage in DaVinciRe decreasing to 27.3% at December 31, 2013, compared to 30.8% at December 31, 2012, resulting in an increase in the portion of DaVinciRe’s net income attributable to noncontrolling interests.

We expect our noncontrolling economic ownership in DaVinciRe to fluctuate over time.

Income (Loss) from Discontinued Operations

Year ended December 31,	2014	2013	2012
(in thousands)			
REAL	$—	$2,422	$(18,763)
U.S.-based insurance operations	—	—	2,287
Income (loss) from discontinued operations	$—	$2,422	$(16,476)