



## **RenaissanceRe Operating EPS More Than Doubles to \$1.33 Per Common Share for 2002 Second Quarter, Vs. \$0.62 for Second Quarter of 2001**

July 22, 2002

PEMBROKE, Bermuda, Jul 22, 2002 (BUSINESS WIRE) --

- Achieves Annualized ROE of 31% for the Second Quarter
- 56% Growth in Managed Cat Premium for the Quarter
- Specialty Reinsurance & Glencoe Insurance Premium Increases to \$143.0 Million in the Quarter, Compared to \$17.5 Million in the Second Quarter of 2001
- Increases 2002 Earnings Estimates to a Range of \$4.45 to \$4.60 Per Share, from \$4.00 to \$4.17

RenaissanceRe Holdings Ltd. (NYSE: RNR) today reported \$93.3 million in second quarter net operating income available to common shareholders (excluding realized investment gains and losses), compared to \$37.5 million in the second quarter of 2001.

Operating earnings per common share grew to \$1.33 in the second quarter, from \$0.62 per common share in the second quarter of the previous year. Net income available to common shareholders rose 138% to \$96.2 million, or \$1.37 per common share in the quarter, from \$40.3 million or \$0.67 per common share for the same quarter of 2001.

James N. Stanard, Chairman and CEO, commented: "We are very pleased with the 56% increase we achieved in managed cat premium in the quarter, and with the accelerating growth trends in our specialty reinsurance and Glencoe insurance businesses. To support the growth of our catastrophe business, we utilized our joint ventures and increased our purchases of reinsurance. Our 31% annualized return on equity reflects the inherent earnings power of our business in periods with limited catastrophe loss activity. Assuming normal loss activity for the balance of the year, we are increasing our earnings per share estimates for 2002 to a range of \$4.45 to \$4.60, reflecting the strong earnings we achieved as a result of the limited losses in the second quarter, as well as the growth in our business."

For the six months ended June 30, 2002, net operating income available to common shareholders (excluding realized gains and losses on investments and excluding the cumulative effect of a change in accounting principle) was \$179.9 million or \$2.57 per common share, compared to \$74.7 million or \$1.23 per common share for the same period in 2001. Net income available to common shareholders for the six months ended June 30, 2002 was \$174.3 million or \$2.49 per common share, compared to \$85.2 million or \$1.41 per common share for the same period in 2001. In conjunction with the adoption of Statement of Financial Accounting Standard 142 ("SFAS 142"), Goodwill and Other Intangible Assets, the Company wrote-off the entire balance of its goodwill, or \$9.2 million; this charge has been reflected as a cumulative effect of a change in accounting principle, and is excluded from the net income for the current quarter, and included in the Company's net income for the six months ended June 30, 2002, as required by SFAS 142.

Gross premiums written for the second quarter of 2002 increased by 122% to \$270.3 million, compared to \$122.0 million for the same quarter of 2001. Net premiums written for the second quarter of 2002 were \$198.5 million, versus \$92.9 million for the same quarter of 2001. Net premiums earned for the second quarter of 2002 were \$184.7 million, compared to \$75.5 million for the same quarter of 2001. Those premiums include \$34.8 million of gross written premiums, \$34.8 million of net written premiums and \$34.2 million of net premiums earned by the Company's consolidated joint venture, DaVinci Re during the second quarter of 2002.

Gross premiums written for the six months ended June 30, 2002 were \$731.1 million, compared to \$320.2 million for the same period of 2001. Net premiums written for the six months ended June 30, 2002 were \$577.6 million, compared to \$214.2 million for the same period of 2001. Net premiums earned for the first six months of 2002 were \$335.1 million, compared to \$159.4 million for the same period of 2001. Those premiums include \$130.1 million of gross written premiums, \$130.1 million of net written premiums and \$57.8 million of net premiums earned by DaVinci Re during the first six months of 2002.

Total Managed Catastrophe Premiums Written, representing gross catastrophe premiums written by RenaissanceRe Holdings Ltd. and by related joint ventures, increased by 56% and were \$144.8 million for the second quarter, compared to \$92.6 million for the same quarter of 2001. Total Managed Cat Premiums for the six months ended June 30, 2002 increased by 68% to \$515.2 million, from \$307.2 million for the same period of 2001.

Net investment income, excluding realized and unrealized investment gains and losses, for the second quarter of 2002 increased to \$26.4 million, compared to \$18.3 million for the same period in 2001, primarily due to the Company's capital raising activities during the second half of 2001 and strong cash flows from operations. Net investment income for the first six months of 2002 was \$49.1 million, compared to \$36.2 million for the same period in 2001. During the quarter, the Company changed its policy regarding the classification of certain investments previously reflected as cash and cash equivalents. These investments were reclassified to short-term investments to more appropriately reflect the Company's investment strategy regarding those assets.

The Company also reported an increase in other income to \$8.1 million for the quarter, from \$3.9 million for the same quarter in 2001. Other income for the first six months of 2002 was \$16.3 million, compared to \$7.8 million for the same period in 2001. The increase primarily relates to an increase from its equity participation in its joint venture activities.

The low level of catastrophe losses in the quarter resulted in claims and claim expenses incurred for the quarter ended June 30, 2002 of \$73.1 million, or 39.6% of net premiums earned. In comparison, claims and claim expenses incurred for the quarter ended June 30, 2001 were \$32.3 million, or 42.8% of net premiums earned. Claims and claim expenses incurred for the six months ended June 30, 2002 also benefited from the low level of catastrophe losses during the first six months of 2002 and were \$116.3 million or 34.7% of net premiums earned. In comparison, claims and claim

expenses incurred for the six months ended June 30, 2001 were \$74.2 million or 46.5% of net premiums earned.

Pro-forma "other income", which includes aggregate earnings from joint venture activities, fees related to catastrophe business, and miscellaneous other items, is presented in the supplemental disclosures. The principal differences between other income as reported and the pro-forma presentation are that the results of DaVinciRe Holdings Ltd. are reflected as if it were reported under the equity method, and the pro-forma presentation also includes fees earned on certain quota share cessions by the Company of catastrophe business, which are reflected on the income statement as a reduction of acquisition and operational expenses. During the quarter, the Company recorded pro-forma other income of \$28.9 million, compared to \$6.6 million during the second quarter of 2001. Of the total \$28.9 million of pro-forma other income during the quarter, \$17.3 million relates to fees and profit commissions, compared to \$6.3 million in the second quarter of 2001, and \$11.6 million relates to the Company's portion of the earnings from its joint ventures, versus \$2.2 million in the comparable period of 2001. In 2001, the remaining \$1.9 million loss relates primarily to contracts triggered by physical variables.

For the six months ended June 30, 2002, the Company recorded pro-forma other income of \$51.2 million, compared to \$12.9 million for the same period of 2001. Of the total \$51.2 million of pro-forma other income during the first six months, \$29.3 million relates to fees and profit commissions, compared to \$9.4 million in the first six months of 2001, and \$18.7 million relates to the Company's portion of the earnings from its joint ventures, versus \$4.9 million in the comparable period of 2001. The remaining \$3.1 million of other income in 2002 relates primarily to income from contracts triggered by physical variables, compared to a loss of \$1.4 million in the first six months of 2001.

Shareholders' equity attributable to common shareholders was \$1.24 billion at June 30, 2002, compared to \$1.08 billion at December 31, 2001. Book value per common share at June 30, 2002 was \$18.03 per common share, compared to \$15.83 per common share at December 31, 2001. The share and per-share information in this press release reflects the Company's three-for-one stock split in May 2002, as if the split had occurred for all periods presented.

Also reflected on the Company's consolidated financial statements is an increase in debt due to the completion of the previously announced \$100 million bank credit facility for DaVinci.

RenaissanceRe Holdings Ltd. will host a conference call on Tuesday, July 23, 2002 at 9:30 a.m. (ET) to discuss this release. Live broadcast of the conference call will be available through the Investor Section of RenaissanceRe's website at [www.renre.com](http://www.renre.com).

RenaissanceRe Holdings Ltd. is a global provider of reinsurance and insurance. The Company's principal product is property catastrophe reinsurance.

Cautionary Statement under "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995: Statements made in this news release contain information about the Company's future business prospects. These statements may be considered "forward-looking." These statements are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by such forward-looking statements. For further information regarding cautionary statements and factors affecting future operations results, please refer to RenaissanceRe Holdings Ltd.'s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2001, and Form 10-Q for the quarter ended March 31, 2002.

#### RenaissanceRe Holdings Ltd. and Subsidiaries

##### Summary Consolidated Statements of Income

For the periods ended June 30, 2002 and 2001 (in thousands of

United States Dollars, except per share amounts)

(Unaudited)

	Quarters Ended	Year to Date		
	June 30,	June 30,	June 30,	June 30,
	2002	2001	2002	2001

#### Revenues

##### Gross premiums

written	\$ 270,294	\$ 122,012	\$ 731,128	\$ 320,220
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##### Net premiums

written	\$ 198,517	\$ 92,946	\$ 577,613	\$ 214,178
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##### Increase in

##### unearned

premiums	(13,775)	(17,415)	(242,563)	(54,747)
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Net premiums earned	184,742	75,531	335,050	159,431
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Net investment income	26,364	18,270	49,147	36,154
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##### Net foreign exchange

gains (losses)	3,650	233	1,700	(63)
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Other income	8,147	3,901	16,276	7,769
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##### Net realized gains

on investments	2,968	2,881	3,654	10,497
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Total revenues	225,871	100,816	405,827	213,788
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#### Expenses

##### Claims and claim

expenses incurred	73,149	32,315	116,267	74,210
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Acquisition expenses	20,368	10,608	38,917	23,153
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Operational expenses	9,962	9,894	20,625	18,406
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Corporate expenses	4,688	4,780	7,378	6,308
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Interest expense	3,433	683	6,147	1,547
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Total expenses	111,600	58,280	189,334	123,624
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Income before minority interest and taxes and change in accounting principle	114,271	42,536	216,493	90,164
Minority interest - Capital Securities	1,831	1,895	3,664	3,742
Minority interest - DaVinci	13,470	-	22,947	-
Income before taxes and change in accounting principle	98,970	40,641	189,882	86,422
Income tax expense (benefit)	(273)	302	323	1,178
Cumulative effect of a change in accounting principle - SFAS 142 - Goodwill	-	-	(9,187)	-
Net income	99,243	40,339	180,372	85,244
Dividends on Series A Preference Shares	3,003	-	6,041	-
Net income available to Common Shareholders	\$ 96,240	\$ 40,339	\$ 174,331	\$ 85,244
Operating earnings per Common Share - diluted(a)	\$ 1.33	\$ 0.62	\$ 2.57	\$ 1.23
Earnings per Common Share - basic	\$ 1.43	\$ 0.70	\$ 2.60	\$ 1.48
Earnings per Common Share - diluted	\$ 1.37	\$ 0.67	\$ 2.49	\$ 1.41
Average shares outstanding - basic	67,326	57,837	67,057	57,759
Average shares outstanding - diluted	70,209	60,453	69,998	60,573
Claims and claim expense ratio	39.6%	42.8%	34.7%	46.5%
Expense ratio	16.4%	27.1%	17.8%	26.1%
Combined ratio	56.0%	69.9%	52.5%	72.6%
Operating return on average equity (annualized)(a)	31.3%	19.7%	31.2%	20.2%

(a) - Excludes realized gains and losses on investments and cumulative effect of a change in accounting principle - SFAS 142 - Goodwill

#### RenaissanceRe Holdings Ltd. and Subsidiaries

##### Summary Consolidated Balance Sheets

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

	As at June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
<b>Assets</b>		
Fixed maturity investments available for sale, at fair value (Amortized cost \$1,813,651 and \$1,266,188 at June 30, 2002 and December 31, 2001, respectively)	\$ 1,831,065	\$ 1,282,483
Short term investments	631,408	733,925
Other investments	88,745	38,307
Cash and cash equivalents	102,963	139,715
Total investments and cash	2,654,181	2,194,430
Premiums receivable	375,913	102,202
Ceded reinsurance balances	98,467	41,690
Losses and premiums recoverable	204,980	217,556
Accrued investment income	25,397	17,696

Deferred acquisition costs	51,128	12,814
Other assets	52,241	57,264
Total assets	\$ 3,462,307	\$ 2,643,652
Liabilities, Minority Interest and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	\$ 684,164	\$ 572,877
Reserve for unearned premiums	436,009	125,053
Debt	275,000	183,500
Reinsurance balances payable	159,913	115,967
Other	106,558	58,650
Total liabilities	1,661,644	1,056,047
Minority Interest - Capital		
Securities	84,630	87,630
Minority Interest - DaVinci	325,709	274,951
Shareholders' Equity		
Series A Preference Shares	150,000	150,000
Common shares and additional paid-in capital	322,689	264,623
Unearned stock grant compensation	(23,305)	(20,163)
Accumulated other comprehensive income	17,414	16,295
Retained earnings	923,526	814,269
Total shareholders' equity	1,390,324	1,225,024
Total liabilities, minority interest, and shareholders' equity	\$ 3,462,307	\$ 2,643,652
Book value per Common Share	\$ 18.03	\$ 15.83
Common Shares outstanding	68,808	67,893

RenaissanceRe Holdings Ltd. and Subsidiaries

# Supplemental Financial Data

(in thousands of United States Dollars)

(Unaudited)

## Gross Written

Premiums	Quarters Ended		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Cat Premium				
Renaissance	\$ 87,854	\$ 91,226	\$ 289,774	\$ 257,273
DaVinci	34,794	-	130,063	-
Assumed from OP				
Cat	-	-	34,873	-
Total Cat				
Premium	122,648	91,226	454,710	257,273
Specialty Reinsurance				
Premium	71,632	15,488	172,655	37,754
Total Reinsurance				
Premium	194,280	106,714	627,365	295,027
Glencoe Premium	71,370	2,037	94,047	3,793
Other Primary				
Premium	4,644	13,261	9,716	21,400
Total Primary	76,014	15,298	103,763	25,193
Total Premiums	\$ 270,294	\$ 122,012	\$ 731,128	\$ 320,220

## Total Managed Cat

Premiums	\$ 144,796	\$ 92,560	\$ 515,150	\$ 307,212
Other Income				
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001

## As Reported

### Cat business - fee

income	\$ 999	\$ 3,617	\$ 2,000	\$ 4,292
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### Cat business -

equity pick up	7,146	2,221	11,136	4,921
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Other items	2	(1,937)	3,140	(1,444)
Total other income				
- as reported	\$ 8,147	\$ 3,901	\$ 16,276	\$ 7,769
Pro-forma (1)				
Cat business - fee				
income	\$ 17,332	\$ 6,302	\$ 29,308	\$ 9,355
Cat business -				
equity pick up	11,591	2,221	18,737	4,921
Other items	2	(1,900)	3,140	(1,361)
Total other income				
- pro-forma	\$ 28,925	\$ 6,623	\$ 51,185	\$ 12,915

(1) Adjusted to reflect DaVinci under the equity method and other fee income on managed cat business.

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