



## A.M. Best Affirms Ratings of RenaissanceRe Subsidiaries; Assigns Debt Ratings

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OLDWICK, N.J., Feb 3, 2003 (BUSINESS WIRE) -- A.M. Best Co. has affirmed the financial strength ratings of RenaissanceRe Holdings Ltd.'s (RenaissanceRe) (NYSE:RNR) operating subsidiaries, of which Renaissance Reinsurance Ltd. (both of Bermuda) is the lead company with a financial strength rating of A+ (Superior).

Concurrently, A.M. Best has affirmed RenaissanceRe's existing debt ratings and has assigned debt ratings of "a" to \$100 million 5.875% senior unsecured notes offering due 2013 and "bbb" to \$100 million 7.30% perpetual preference shares offering both recently announced by RenaissanceRe under its existing shelf registration. The outlook for all the ratings is stable.

These ratings reflect RenaissanceRe's leading position in the worldwide property catastrophe reinsurance marketplace. This position is the result of its excellent capitalization, its track record of exceptional underwriting performance, superior risk management techniques as well as its seasoned and experienced management team. RenaissanceRe's shareholders' equity of \$1.5 billion has more than doubled from its December 2000 level through operating income and the issuance of common and preferred securities. The company has reported a 55.5% combined ratio through September 2002, which along with the company's investment income for the period, translates into \$262.6 million of net income and an annualized return on common equity of 29%.

The draw down of the \$100 million senior notes and \$100 million perpetual preference shares reduces RenaissanceRe's authorization under its existing shelf registration to \$364.3 million. The net proceeds from these securities may be used for general corporate purposes. A.M. Best expects that as RenaissanceRe issues any additional securities remaining in the shelf registration, it will continue to manage its debt and preferred to no greater than 35% of total capital while continuing to achieve a fixed charge coverage in the upper single digit range or higher.

Offsetting these positive rating factors is the susceptibility of RenaissanceRe's earnings to large catastrophic events. Nonetheless, these factors are partially mitigated by its disciplined and analytical underwriting approach and its increased level of underwriting fee income. Additionally, RenaissanceRe's balance sheet strength is augmented by an investment portfolio with over \$2.8 billion of high quality assets that are conservatively managed and laddered to ensure adequate liquidity.

Unlike many of its peers, RenaissanceRe maintained its underwriting discipline in the soft market period of the late 1990s through 2000, which has enabled it to benefit from the current hardening market conditions without having to adjust for pricing or reserve deficiencies of the past. As such, A.M. Best believes the company is exceptionally well positioned to continue to capitalize on the rate hardening in the reinsurance marketplace and will continue to generate superior operating results.

For a complete listing of RenaissanceRe's financial strength and debt ratings, visit <http://www.ambest.com/press/020303renaissancere.pdf>.

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