



## RenaissanceRe Reports \$126.9 Million Operating Profit for 2003 First Quarter

April 22, 2003

[Click here to view this release in printable \(PDF\) format](#)

PEMBROKE, Bermuda, Apr 22, 2003 (BUSINESS WIRE) -- RenaissanceRe Holdings Ltd. (NYSE: RNR)

- Operating EPS of \$1.80 per Common Share for 2003 First Quarter vs. \$1.24 for First Quarter of 2002
- 25% Growth in Managed Catastrophe Premium for the First Quarter
- Individual Risk Premium Grows to \$63.8 Million in First Quarter of 2003 Compared to \$27.7 Million for the Same Period in 2002
- Specialty Reinsurance Premium Grows to \$186.1 Million in First Quarter of 2003 Compared to \$101.0 Million for the Same Period in 2002
- Achieves Annualized Operating ROE of 32.5% for the First Quarter of 2003

RenaissanceRe Holdings Ltd. (NYSE: RNR) today reported \$126.9 million in first quarter net operating income available to common shareholders, compared to \$86.6 million in the first quarter of 2002.

Operating income excludes realized investment gains of \$24.4 million and \$0.7 million in the first quarters of 2003 and 2002, respectively and also excludes the cumulative effect of a change in our accounting for goodwill of \$9.2 million in the first quarter of 2002. Operating earnings per common share grew to \$1.80 in the first quarter, from \$1.24 per common share in the first quarter of the previous year. Net income available to common shareholders rose 94% to \$151.3 million, or \$2.14 per common share in the quarter, from \$78.1 million or \$1.12 per common share for the same quarter of 2002.

James N. Stanard, Chairman and CEO, commented: "We are very pleased with the performance of our business across all categories. In particular, the 25% increase in Managed Catastrophe Premium reflects the ongoing strength of our market presence in our traditional core business."

"We are confident in our ability to deliver another year of growth in all of our businesses in 2003. At the same time, we remain committed to careful underwriting in a market in which property catastrophe prices have roughly stabilized. Significant premium from large transactions produced growth in the first quarter beyond our original expectations, and may create some variability in premium growth rates going forward. For the 2003 first quarter, we also estimate that we experienced approximately \$25 million, or \$0.35 per common share, of benefit from the low level of catastrophe loss activity compared to results from a period of normalized activity."

Gross premiums written for the first quarter of 2003 increased by 49% to \$685.2 million, compared to \$460.8 million for the same quarter of 2002. Net premiums written for the first quarter of 2003 were \$590.4 million, versus \$379.1 million for the same quarter of 2002. Net premiums earned for the first quarter of 2003 were \$263.5 million, compared to \$150.3 million for the same quarter of 2002. Those premiums include \$126.5 million of gross written premiums, \$126.5 million of net written premiums and \$49.1 million of net premiums earned by the Company's consolidated joint venture, DaVinci Re during the first quarter of 2003, compared to \$95.3 million of gross written premiums, \$95.3 million of net written premiums and \$23.6 million of net premiums earned by DaVinci Re during the first quarter of 2002.

Total Managed Catastrophe Premiums Written, representing gross catastrophe premiums written by RenaissanceRe Holdings Ltd. and by related joint ventures, increased to \$464.7 million for the first quarter, compared to \$370.4 million for the same quarter of 2002. See attached supplemental financial data for a reconciliation of Managed Catastrophe Premiums.

Net investment income, excluding realized and unrealized investment gains and losses, for the first quarter of 2003 increased to \$28.2 million, compared to \$22.8 million for the same period in 2002. This increase was driven by the increase in invested assets resulting both from strong operating cash flows as well as the \$196 million of net proceeds from the Perpetual Preferred Stock and Senior Notes sold in the first quarter.

Claims and claim expenses incurred for the quarter ended March 31, 2003 were \$82.8 million, or 31.4% of net premiums earned. In comparison, claims and claim expenses incurred for the quarter ended March 31, 2002 were \$43.1 million, or 28.7% of net premiums earned.

During the quarter, the Company recorded pro-forma other income of \$36.1 million, compared to \$22.3 million during the first quarter of 2002. Of the total \$36.1 million of pro-forma other income during the quarter, \$20.2 million was generated from fees and profit commissions, compared to \$9.4 million in the first quarter of 2002, \$17.7 million was generated from the Company's equity pick up from joint ventures, versus \$9.7 million in the comparable quarter of 2002 and the remaining loss of \$1.8 million was primarily related to losses from contracts triggered by physical variables, compared to income of \$3.1 million in the first quarter of last year. 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 DaVinci Re are reflected as if it were reported under the equity accounting method, and the pro-forma presentation also includes fees earned on certain quota share cessions of catastrophe business by the Company which are reflected on the income statement as a reduction of acquisition and operational expenses.

Shareholders' equity attributable to common shareholders was \$1.63 billion at March 31, 2003, compared to \$1.49 billion at December 31, 2002. Book value per common share at March 31, 2003 was \$23.37, compared to \$21.39 per common share at December 31, 2002.

RenaissanceRe Holdings Ltd. will host a conference call on Wednesday, April 23, 2003 at 10:00 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.

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, 2002.

RenaissanceRe Holdings Ltd. and Subsidiaries  
 Summary Consolidated Statements of Income  
 For the quarters ended March 31, 2003 and 2002  
 (in thousands of United States Dollars, except per share amounts)

	Quarters Ended	
	Mar 31,	Mar 31,
	2003	2002
	(Unaudited)	
<b>Revenues</b>		
Gross premiums written	\$ 685,167	\$ 460,834
	=====	=====
Net premiums written	\$ 590,370	\$ 379,096
Increase in unearned premiums	(326,896)	(228,788)
	-----	-----
Net premiums earned	263,474	150,308
Net investment income	28,150	22,783
Net foreign exchange gains (losses)	3,951	(1,950)
Other income	5,505	8,129
Net realized gains on investments	24,396	686
	-----	-----
Total revenues	325,476	179,956
	-----	-----
<b>Expenses</b>		
Claims and claim expenses incurred	82,780	43,118
Acquisition expenses	42,133	18,549
Operational expenses	14,907	10,663
Corporate expenses	3,468	2,690
Interest expense	4,499	2,714
	-----	-----
Total expenses	147,787	77,734
	-----	-----
Income before minority interest and taxes and change in accounting principle	177,689	102,222
Minority interest - Capital Securities	1,455	1,833
Minority interest - DaVinci	20,885	9,477
	-----	-----
Income before taxes and change in accounting principle	155,349	90,912
Income tax benefit (expense)	55	(596)
Cumulative effect of a change in accounting principle - SFAS 142 - Goodwill	-	(9,187)
	-----	-----
Net income	155,404	81,129
Dividends on Preference Shares	4,119	3,038
	-----	-----
Net income available to Common Shareholders	\$ 151,285	\$ 78,091
	=====	=====

Operating earnings per Common Share - diluted (\*) \$ 1.80 \$ 1.24

Earnings per Common Share - basic \$ 2.21 \$ 1.17  
 Earnings per Common Share - diluted \$ 2.14 \$ 1.12

Average shares outstanding - basic 68,593 66,788  
 Average shares outstanding - diluted 70,564 69,787

Claims and claim expense ratio 31.4% 28.7%  
 Expense ratio 21.6% 19.4%

-----  
 Combined ratio 53.0% 48.1%  
 =====

Operating return on average equity (annualized)(\*) 32.5% 31.2%  
 =====

(\*) - 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

-----  
 March December  
 31, 2003 31, 2002  
 -----

(Unaudited) (Audited)

Assets

Fixed maturity investments available for sale,  
 at fair value  
 (Amortized cost \$2,458,937 and \$2,153,715 at  
 March 31, 2003 and December 31, 2002,  
 respectively) \$2,521,244 \$2,221,109  
 Short term investments 922,444 570,497  
 Other investments 140,947 129,918  
 Equity investment in reinsurance company at fair  
 value  
 (Cost \$84,199 at March 31, 2003 and December  
 31, 2002) 117,914 120,288  
 Cash and cash equivalents 99,389 87,067  
 -----  
 Total investments and cash 3,801,938 3,128,879

Premiums receivable 474,523 199,449  
 Ceded reinsurance balances 96,976 73,360  
 Losses recoverable 178,593 199,533  
 Accrued investment income 25,212 25,833  
 Deferred acquisition costs 89,084 55,853  
 Other assets 70,205 62,829  
 -----

Total assets \$4,736,531 \$3,745,736  
 =====

Liabilities, Minority Interest and Shareholders'  
 Equity

Liabilities

Reserve for claims and claim expenses \$ 874,092 \$ 804,795  
 Reserve for unearned premiums 682,649 331,985  
 Debt 375,000 275,000

Reinsurance balances payable	185,168	146,732
Net payable for investments purchased	210,653	24,734
Other	59,118	72,279
	-----	
Total liabilities	2,386,680	1,655,525
	-----	

Minority Interest - Capital Securities	84,630	84,630
Minority Interest - DaVinci	382,953	363,546

Shareholders' Equity

Preference Shares	250,000	150,000
Common shares and additional paid-in capital	301,121	320,936
Unearned stock grant compensation	-	(18,468)
Accumulated other comprehensive income	96,005	95,234
Retained earnings	1,235,142	1,094,333
	-----	

Total shareholders' equity	1,882,268	1,642,035
	-----	

Total liabilities, minority interest, and shareholders' equity	\$4,736,531	\$3,745,736
	=====	=====

Book value per Common Share	\$ 23.37	\$ 21.39
	=====	=====

Common Shares outstanding	69,840	69,750
	=====	=====

RenaissanceRe Holdings Ltd. and Subsidiaries  
Supplemental Financial Data  
(in thousands of United States Dollars)

Gross Written Premiums	Quarters Ended	
	Mar 31, 2003	Mar 31, 2002
	-----	-----
Renaissance Cat Premium	\$308,719	\$236,793
Renaissance Specialty Premium	186,082	101,023
	-----	-----
Total Renaissance Reinsurance Premium	494,801	337,816
	-----	-----
DaVinci Cat Premium	106,816	95,269
DaVinci Specialty Premium	19,707	-
	-----	-----
Total DaVinci Reinsurance Premium	126,523	95,269
	-----	-----
Total Reinsurance Premium	621,324	433,085
Individual Risk Premium	63,843	27,749
	-----	-----
Total Premiums	\$685,167	\$460,834
	=====	=====
Total Managed Cat Premiums (1)	\$464,688	\$370,354
	=====	=====

(1) Total Managed Cat Premiums include Renaissance and DaVinci Cat Premium, as above, and Cat Premium of \$49.2 million and \$38.3 million in 2003 and 2002, respectively, written on behalf of our joint venture, Top Layer Re.

Other Income	Quarters Ended	
	Mar 31, 2003	Mar 31, 2002
-----		
As Reported		
-----		
Cat business - fee income	\$ 1,228	\$ 1,001
Cat business - equity pick up	6,068	3,990
Other items	(1,791)	3,138
-----		
Total other income - as reported	\$ 5,505	\$ 8,129
=====		

Pro-forma (2)		
-----		
Cat business - fee income (3)	\$ 20,204	\$ 9,418
Cat business - equity pick up	17,702	9,704
Other items	(1,791)	3,138
-----		
Total other income - pro-forma	\$ 36,115	\$ 22,260
=====		

- (2) Non-GAAP restatement to reflect DaVinci under the equity method and other fee income on managed cat business.  
(3) Excludes fee income received on capital invested by RenaissanceRe Holdings.

Investor:  
RenaissanceRe Holdings Ltd.  
Martin J. Merritt, 441/299-7230  
or  
Media:  
Kekst and Company  
David Lilly/Dawn Dover, 212/521-4800