UNITED STATES SECURITIES
AND EXCHANGE COMMISSION

FORM 10-Q

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

For the quarterly period ended: June 30, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to __________________

Commission file number: 34-0-26512

RenaissanceRe Holdings Ltd.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Bermuda | 98-013-8020 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| Renaissance House<br>8-12 East Broadway<br>Pembroke, Bermuda | HM 19 |
| (Address of principal executive offices) | (Zip Code) |

(441) 295-4513
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 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____

The number of outstanding shares of RenaissanceRe Holding Ltd.'s common stock, par value US $1.00 per share, as of June 30, 1999 was 20,826,332.

Total number of pages in this report: 30

RenaissanceRe Holdings Ltd.

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Part I - Financial information
Item 1 - Financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Balance Sheets
(in thousands of United States Dollars, except per share amounts)

| | As at | |
|---|---|---|
| | June 30, 1999 | December 31, 1998 |
| | (Unaudited) | |
| **Assets** | | |
| Fixed maturity investments available for sale, at fair value (Amortized cost $797,009 and $804,968 at June 30, 1999 and December 31, 1998, respectively) | $ 780,774 | $ 799,995 |
| Short term investments, at cost | 19,814 | 24,983 |
| Other investments | 24,780 | 1,630 |
| Cash and cash equivalents | 121,764 | 115,701 |
| Total investments and cash | 947,132 | 942,309 |
| Premiums receivable | 166,597 | 96,761 |
| Ceded reinsurance balances | 64,027 | 41,370 |
| Losses and premiums recoverable | 153,425 | 200,379 |
| Accrued investment income | 9,896 | 9,968 |
| Deferred acquisition costs | 18,037 | 10,997 |
| Other assets | 54,645 | 54,380 |
| Total assets | $ 1,413,759 | $ 1,356,164 |
| **Liabilities, Minority Interest and Shareholders' Equity** | | |
| **Liabilities** | | |
| Reserve for claims and claim expenses | $ 328,182 | $ 298,829 |
| Reserve for unearned premiums | 153,946 | 94,466 |
| Bank loans | 125,000 | 100,000 |
| Reinsurance balances payable | 76,775 | 121,658 |
| Other | 27,701 | 28,979 |
| Total liabilities | 711,604 | 643,932 |
| Minority Interest - Company obligated mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company | 94,100 | 100,000 |
| **Shareholders' Equity** | | |
| Common shares and additional paid-in capital | 27,992 | 39,035 |
| Unearned stock grant compensation | (11,937) | (8,183) |
| Accumulated other comprehensive income | (16,235) | (5,144) |
| Retained earnings | 608,235 | 586,524 |
| Total shareholders' equity | 608,055 | 612,232 |
| Total liabilities, minority interest, and shareholders' equity | $ 1,413,759 | $ 1,356,164 |
| Book value per Common Share | $ 29.20 | $ 28.28 |
| Common Shares outstanding | 20,826 | 21,646 |

The accompanying notes are an integral part of these financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the six months ended June 30, 1999 and 1998
(in thousands of United States Dollars, except per share amounts)
(Unaudited)

| | Quarters Ended | | Year to date | |
|---|---|---|---|---|
| | June 30, 1999 | June 30, 1998 | June 30, 1999 | June 30, 1998 |
| Revenues | | | | |
| Gross Premiums Written | $ 67,374 | $ 45,851 | $ 222,469 | $ 164,996 |
| Net premiums written | $ 34,929 | $ 5,162 | $ 151,213 | $ 117,614 |
| Decrease (increase) in unearned premiums | 22,739 | 41,879 | (35,557) | (24,476) |
| Net premiums earned | 57,668 | 47,041 | 115,656 | 93,138 |
| Net investment income | 14,039 | 12,629 | 27,145 | 26,258 |
| Net foreign exchange gains (losses) | 394 | (827) | (272) | (851) |
| Other income | 460 | 347 | 191 | 347 |
| Net realized losses on investments | (5,030) | (2,163) | (5,527) | (927) |
| Total revenues | 67,531 | 57,027 | 137,193 | 117,965 |
| Expenses | | | | |
| Claims and claim expenses incurred | 21,005 | 10,294 | 36,700 | 18,170 |
| Acquisition expenses | 6,025 | 5,436 | 12,809 | 11,828 |
| Operational expenses | 9,092 | 7,827 | 18,608 | 14,202 |
| Corporate expenses | 3,936 | 812 | 7,897 | 1,602 |
| Interest expense | 1,712 | 794 | 3,118 | 1,580 |
| Total expenses | 41,770 | 25,163 | 79,132 | 47,382 |
| Income before minority interests and taxes | 25,761 | 31,864 | 58,061 | 70,583 |
| Minority interest - Company obligated mandatorily redeemable Capital Securities of a subsidiary trust holding solely junior subordinated debentures of the Company | 2,128 | 2,159 | 4,239 | 4,270 |
| Minority interest - Glencoe | - | 283 | - | 705 |
| Income before taxes | 23,633 | 29,422 | 53,822 | 65,608 |
| Income tax expense (benefit) | (416) | 884 | (245) | 1,396 |
| Net income | $ 24,049 | $ 28,538 | $ 54,067 | $ 64,212 |
| Earnings per Common Share - basic | $ 1.17 | $ 1.28 | $ 2.60 | $ 2.88 |
| Earnings per Common Share - diluted | $ 1.16 | $ 1.26 | $ 2.57 | $ 2.83 |
| Operating earnings per Common Share - diluted | $ 1.40 | $ 1.35 | $ 2.84 | $ 2.87 |
| Average shares outstanding - basic | 20,524 | 22,237 | 20,831 | 22,267 |
| Average shares outstanding - diluted | 20,703 | 22,728 | 21,012 | 22,718 |
| Claims and claim expense ratio | 36.4% | 21.9% | 31.7% | 19.6% |
| Expense ratio | 26.2% | 28.2% | 27.2% | 27.9% |
| Combined ratio | 62.6% | 50.1% | 58.9% | 47.5% |

The accompanying notes are an integral part of these financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the six months ended June 30, 1999 and 1998
(in thousands of United States Dollars)
(Unaudited)

| | 1999 | 1998 |
|---|---|---|
| Common Stock & Paid-in Capital | | |
| Balance -- January 1 | $ 39,035 | $ 74,922 |
| Exercise of stock options & restricted stock awards | 6,295 | 6,779 |
| Repurchase of capital securities | 885 | - |
| Repurchase of shares | (18,223) | (15,647) |
| Balance -- June 30 | 27,992 | 66,054 |
| Unearned stock grant compensation | | |
| Balance -- January 1 | (8,183) | (4,731) |
| Stock grants awarded | (5,372) | (5,964) |
| Amortization | 1,618 | 1,088 |
| Balance -- June 30 | (11,937) | (9,607) |
| Accumulated other comprehensive income (1) | | |
| Balance -- January 1 | (5,144) | (10,155) |
| Net unrealized gains (losses) on securities, net of adjustment (see disclosure) | (11,091) | 4,877 |
| Balance -- June 30 | (16,235) | (5,278) |
| Retained earnings | | |
| Balance -- January 1 | 586,524 | 538,667 |
| Net income | 54,067 | 64,212 |
| Dividends paid | (14,830) | (13,539) |
| Repurchase of shares | (17,526) | - |
| Balance -- June 30 | 608,235 | 589,340 |
| Total Shareholders' Equity | $ 608,055 | $ 640,509 |

| | 1999 | 1998 |
|---|---|---|
| Comprehensive income | | |
| Net income | $ 54,067 | $ 64,212 |
| Change in comprehensive income | (11,091) | 4,877 |
| Comprehensive income | $ 42,976 | $ 69,089 |

| | 1999 | 1998 |
|---|---|---|
| Disclosure regarding net unrealized gains (losses) | | |
| Net unrealized holding gains (losses) arising during period | $ (16,618) | $ 5,804 |
| Less: net realized losses (gains) included in net income | 5,527 | (927) |
| Net unrealized gains (losses) on securities during the period | $ (11,091) | $ 4,877 |

(1) Note - comprehensive income for the quarters ended June 30, 1999 and 1998 were $(6.9) and $1.0, respectively.

The accompanying notes are an integral part of these financial statements.

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 1999 and 1998
(in thousands of United States Dollars in thousands)
(Unaudited)

| | Year to date | |
|---|---|---|
| | June 30, 1999 | June 30, 1998 |
| Cash flows from operating activities | | |
| Net income | $ 54,067 | $ 64,212 |
| Adjustments to reconcile net income to cash provided by operating activities | | |
| Amortization and depreciation | 1,653 | 2,540 |
| Realized investment losses (gains) | 5,527 | 927 |
| Amortization/ writeoff of goodwill | 6,669 | - |
| Minority share of income | - | 706 |
| Change in: | | |
| Reinsurance balances, net | (114,719) | (24,292) |
| Ceded reinsurance balances | (22,657) | (27,297) |
| Deferred acquisition costs | (7,040) | (7,140) |
| Reserve for claims and claim expenses, net | 76,307 | 4,235 |
| Reserve for unearned premiums | 59,480 | 55,663 |
| Other | (6,227) | (25) |
| Net cash provided by operating activities | 53,060 | 69,529 |
| Cash flows used in investing activities | | |
| Proceeds from sale of investments | 980,331 | 366,226 |
| Purchase of investments available for sale | (996,734) | (404,123) |
| Purchase of minority interest's share in Glencoe | - | (13,682) |
| Payment for purchase of Nobel, net of cash acquired | - | (58,869) |
| Net cash used in investing activities | (16,403) | (110,448) |
| Cash flows provided by (used in) financing activities | | |
| Proceeds from bank loan | 25,000 | 35,000 |
| Purchase of capital securities | (5,015) | - |
| Dividends paid | (14,830) | (13,539) |
| Purchase of Common Shares | (35,749) | (15,647) |
| Net cash provided by (used in) financing activities | (30,594) | 5,814 |
| Net increase in cash and cash equivalents | 6,063 | (35,105) |
| Cash and cash equivalents, beginning of period | 115,701 | 122,928 |
| Cash and cash equivalents, end of period | $ 121,764 | $ 87,823 |

The accompanying notes are an integral part of these financial statements

1. The consolidated financial statements have been prepared on the basis of United States generally accepted accounting principles ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The consolidated financial statements include the accounts of RenaissanceRe Holdings Ltd. ("RenaissanceRe"), its wholly owned subsidiaries, Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), Glencoe Insurance Ltd. ("Glencoe"), Renaissance U.S. Holdings, Inc. ("Renaissance U.S.") and RenaissanceRe Capital Trust (the "Trust"). Other related entities include DeSoto Insurance Company ("DeSoto"), a wholly owned subsidiary of Glencoe; Nobel Insurance Company ("Nobel"), a wholly owned subsidiary of Renaissance U.S.; and Renaissance Reinsurance of Europe ("Renaissance Europe"), a subsidiary of Renaissance Reinsurance. RenaissanceRe and its subsidiaries are collectively referred to herein as the "Company". All intercompany transactions and balances have been eliminated on consolidation. Minority interests represent the interests of external parties in respect of net income and shareholders' equity of Glencoe and the Trust. Certain comparative information has been reclassified to conform to current presentation. Because of the seasonality of the Company's business the results of operations for any interim period will not necessarily be indicative of results of operations for the full fiscal year.

2. Significant Accounting Policies

a) Segment Reporting

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information," which revises disclosure requirements about operating segments and establishes standards for related disclosures about products and services, geographic areas and major customers. SFAS No. 131 requires that public business enterprises report financial and descriptive information about their reportable operating segments. The Company's reportable segments are the reinsurance and primary insurance segments. The Company adopted SFAS No. 131 as of December 31, 1998.

b) Derivative Instruments and Hedging Activities

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS No. 133 is effective for all fiscal years beginning after June 15, 2000. Currently, the

Company does not expect the adoption of SFAS No. 133 to have a material impact on its consolidated financial statements.

3. The Company utilizes reinsurance to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claims expenses from reinsurers in excess of various retentions and loss warranties. The Company would remain liable to the extent that any third party reinsurance company fails to meet its obligations. The earned reinsurance premiums ceded were $50.8 million and $22.3 million for the six months ended June 30, 1999 and 1998, respectively. Other than loss recoveries, certain of the Company's ceded reinsurance contracts provide for recoveries of additional premiums, reinstatement premiums and coverage for lost no claims bonuses which are incurred when losses are ceded to those reinsurance contracts. Total recoveries netted against premiums and claims and claim expenses incurred for the six months ended June 30, 1999 were $78.5 million (for the six months ended June 30, 1998 - $0).

   Included in losses and premiums recoverable are recoverables of $38.1 million which are related to retroactive reinsurance agreements. In accordance with SFAS No. 113 "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration," contracts are required to be included in claims and claim expenses incurred as they become known. However, the offsetting recoverable is deferred and reflected in the statement of operations based on the recovery method. As of June 30, 1999, the Company has deferred $21.0 million (as of December 31, 1998 - $27.6 million) of recoveries related to a retroactive reinsurance contract. This has been included in reinsurance balances payable on the consolidated balance sheet. As the amounts are recovered, the recoveries will offset claims and claim expenses incurred in the consolidated statement of operations. During the first six months of 1999, the Company recognized $6.9 million as claim recoveries under this contract.

4. Interest paid on outstanding loans was $3.1 million for the six month period ended June 30, 1999 and $1.6 million for the same period in the previous year. The increase in interest expense is due to additional borrowings of $50 million in 1998 and $25 million in 1999. On March 1, 1999, the Company paid a semi-annual dividend on the Company obligated mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company ("Capital Securities") of $4.3 million.

5. Basic earnings per share is based on weighted average common shares and excludes any dilutive effects of options and restricted stock. Diluted earnings per share assumes the exercise of all dilutive stock options and restricted stock grants. The following table sets forth the computation of basic and diluted earnings per share:

| | Quarter ended June 30, 1999 | 1998 |
|---|---|---|
| (in thousands of U.S. dollars except share and per share data) | | |
| Numerator: | | |
| Net income | $ 24,049 | $ 28,538 |
| Denominator: | | |
| Denominator for basic earnings per share - Weighted average shares | 20,523,988 | 22,236,500 |
| Per share equivalents of employee stock Options and restricted shares | 179,164 | 491,732 |
| Denominator for diluted earnings per share - Adjusted weighted average shares and Assumed conversions | 20,703,151 | 22,728,232 |
| Basic earnings per share | $ 1.17 | $ 1.28 |
| Diluted earnings per share | $ 1.16 | $ 1.26 |

| | Six months to June 30, 1999 | 1998 |
|---|---|---|
| (in thousands of U.S. dollars except share and per share data) | | |
| Numerator: | | |
| Net income | $ 54,067 | $ 64,212 |
| Denominator: | | |
| Denominator for basic earnings per share - Weighted average shares | 20,830,500 | 22,267,217 |
| Per share equivalents of employee stock Options and restricted shares | 181,133 | 450,774 |
| Denominator for diluted earnings per share - Adjusted weighted average shares and Assumed conversions | 21,011,633 | 22,717,991 |
| Basic earnings per share | $ 2.60 | $ 2.88 |
| Diluted earnings per share | $ 2.57 | $ 2.83 |

6. The Board of Directors of the Company declared, and the Company paid, a dividend of $0.35 per share to shareholders of record on each of May 28 and February 18, 1999. On August 5, 1999, the Board of Directors declared a dividend of $.35 per share payable on September 2, 1999 to shareholders of record on August 19, 1999.

7. In May 1999, the Company announced a $25 million share repurchase program. Through June 30, 1999 the Company repurchased 1,043,000 shares at a cost of $36.1 million.

Also, during the quarter, the Company repurchased $5.9 million of the Capital Securities recognizing a gain of $.9 million, which was reflected in additional paid-in capital.

8. As of December 31, 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company has two reportable segments: reinsurance operations and primary operations. The reinsurance segment provides property catastrophe reinsurance as well as other reinsurance to selected insurers and reinsurers on a worldwide basis. The primary segment provides insurance both on a direct and on a surplus lines basis for commercial and homeowners catastrophe-exposed property business. Also included in the primary segment are commercial auto and general liability covers as well as surety business which provides coverage to small and mid-size contractors. Segment data for the six and three month periods ended June 30, 1999 and 1998 are as follows:

(in thousands)

Quarter ended June 30, 1999

| | Reinsurance | Primary | Other | Total |
|---|---|---|---|---|
| Gross premiums written | $ 56,575 | $ 10,799 | $ - | $ 67,374 |
| Total revenues | 57,108 | 9,420 | 1,003 | 67,531 |
| Income (loss) before taxes | 27,530 | (87) | (3,810) | 23,633 |
| Assets | 1,014,379 | 295,989 | 103,391 | 1,413,759 |
| Claims and claim expense ratio | 33.7% | 52.6% | - | 36.4% |
| Expense ratio | 26.6% | 24.1% | - | 26.2% |
| Combined ratio | 59.7% | 76.7% | - | 62.6% |

Quarter ended June 30, 1998

| | Reinsurance | Primary | Other | Total |
|---|---|---|---|---|
| Gross premiums written | $ 41,341 | $ 4,510 | $ - | $ 45,851 |
| Total revenues | 51,377 | 5,802 | (152) | 57,027 |
| Income (loss) before taxes | 30,805 | 3,328 | (4,711) | 29,422 |
| Assets | 862,065 | 295,044 | 101,260 | 1,258,369 |
| Claims and claim expense ratio | 20.6% | 34.0% | - | 21.9% |
| Expense ratio | 27.8% | 32.3% | - | 28.2% |
| Combined ratio | 48.4% | 66.3% | - | 50.1% |

(in thousands)
Six months ended June 30, 1999

| | Reinsurance | Primary | Other | Total |
|---|---|---|---|---|
| Gross premiums written | $ 190,222 | $ 32,247 | $ - | $ 222,469 |
| Total revenues | 112,367 | 23,017 | 1,809 | 137,193 |
| Income (loss) before taxes | 58,735 | 2,666 | (7,579) | 53,822 |
| Assets | 1,014,379 | 295,989 | 103,391 | 1,413,759 |
| Claims and claim expense ratio | 29.5% | 42.7% | - | 31.7% |
| Expense ratio | 26.1% | 29.2% | - | 27.2% |
| Combined ratio | 55.6% | 71.9% | - | 58.9% |

Six months ended June 30, 1998

| | Reinsurance | Primary | Other | Total |
|---|---|---|---|---|
| Gross premiums written | $ 146,882 | $ 18,114 | $ - | $ 164,996 |
| Total revenues | 105,943 | 11,913 | 109 | 117,965 |
| Income (loss) before taxes | 68,217 | 5,438 | (8,047) | 65,608 |
| Assets | 862,065 | 295,044 | 101,260 | 1,258,369 |
| Claims and claim expense ratio | 17.8% | 34.4% | - | 19.6% |
| Expense ratio | 27.4% | 32.6% | - | 27.9% |
| Combined ratio | 45.2% | 67.0% | - | 47.5% |

The activities of the Company's Bermuda and U.S. holding companies are the primary contributors to the results reflected in the other segment. The pre tax loss of the holding companies primarily consisted of interest expense on bank loans, the minority interest on the Capital Securities, and realized investment losses on the sales of investments, partially offset by investment income on the assets of the holding companies.

9. On June 25, 1998, RenaissanceRe, through its U.S. holding company, Renaissance U.S., completed its acquisition of the U.S. operating subsidiaries of Nobel Insurance Limited, a Bermuda company ("Nobel Limited"), for $56.1 million. The Company has accounted for this acquisition using the purchase method of accounting.

Operating results of Nobel and its affiliates acquired by the Company have been included in the consolidated financial statements from their date of acquisition. As required by Accounting Principles Board Opinion No. 16, the following selected unaudited pro forma information is being provided to present a summary of the combined results of the Company and Nobel and its affiliates assuming the acquisition of Nobel and its affiliates had occurred as of January 1 of each year. The pro forma data is for informational purposes only and does not necessarily represent results which would have occurred if the acquisition had taken place on the basis assumed above, nor is it indicative of the results of future combined operations.

Pro Forma Statements

| (in thousands except per share data) Six months ended | 30-Jun-99 | Historic 30-Jun-98 | Proforma 30-Jun-98 |
|---|---|---|---|
| Total revenues | 137,193 | 117,965 | 151,247 |
| Net income | 54,067 | 64,212 | 49,955 |
| Earnings per common share - basic | $ 2.60 | $ 2.88 | $ 2.24 |
| Earnings per common share - diluted | $ 2.57 | $ 2.83 | $ 2.20 |
| Shares o/s - basic | 20,831 | 22,267 | 22,267 |
| Shares o/s - diluted | 21,012 | 22,718 | 22,718 |

As of June 30, 1999, the Company has entered into agreements which provide for the sale and/or reinsurance of Nobel's principal business units. Accordingly, future periods are expected to reflect a reduced impact from Nobel and its affiliates.

10. The provision for income taxes is based on income recognized for financial statement purposes and includes the effects of temporary differences between financial and tax reporting. Deferred tax assets and liabilities are determined based on the difference between the financial statement bases and tax bases of assets and liabilities using enacted tax rates.

The Company has U.S. net operating loss carryforwards and future tax deductions of $22.5 million which will be available to offset regular taxable U.S. income during the carryforward period (through 2018), subject to certain limitations. The tax benefits of these items are reflected in the accompanying table of deferred tax assets and liabilities.

Six months ended June 30, 1999 (in thousands)

| | CURRENT | DEFERRED | TOTAL |
|---|---|---|---|
| U.S. federal | $ 1,039 | $ (1,737) | $ (698) |
| U.S. state and local | 453 | - | 453 |
| | $ 1,492 | $ (1,737) | $ (245) |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 1999 are presented below:

(in thousands)

| | |
|---|---|
| Deferred Tax Assets: | |
| Allowance for doubtful accounts | $ 291 |
| Unearned premiums | 814 |
| Claims reserves, principally due to discounting for tax | 3,476 |
| Retroactive reinsurance gain | 7,037 |
| Net operating loss carryforwards | 7,641 |
| Other | 4,158 |
| | 23,417 |
| Deferred Tax Liabilities: | |
| Deferred policy acquisition costs | (132) |
| Unrealized gains | 162 |
| Other | 697 |
| Net deferrred tax asset | $ 24,144 |

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion and analysis of the Company's results of operations for the three months and six months ended June 30, 1999 and 1998 and financial condition as of June 30, 1999. This discussion and analysis should be read in conjunction with the attached unaudited consolidated financial statements and notes thereto and the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

General

The Company provides reinsurance and insurance where risk of natural catastrophe represents a significant component of the overall exposure. The Company's results depend to a large extent on the frequency and severity of catastrophic events, and the concentration and coverage offered to clients impacted thereby. In addition, from time to time, the Company may consider opportunistic diversification into new ventures, either through organic growth or the acquisition of other companies or books of business. In evaluating such new ventures, the Company seeks an attractive return on equity, the ability to develop or capitalize on a competitive advantage and opportunities that will not detract from its core reinsurance operations. Accordingly, the Company regularly reviews strategic opportunities and periodically engages in discussions regarding possible transactions

RESULTS OF OPERATIONS

For the quarter ended June 30, 1999 compared to the quarter ended June 30, 1998

For the quarter ended June 30, 1999, net income available to common shareholders was $24.0 million or $1.16 per share, compared to $28.5 million or $1.26 per share for the same quarter in 1998.

Gross premiums written for the second quarter of 1999 and 1998 are as follows:

| | Quarter ended | |
|---|---|---|
| (in thousands) | 30-Jun-99 | 30-Jun-98 |
| Renaissance Reinsurance | $ 56,575 | $ 41,341 |
| Nobel | 9,476 | - |
| DeSoto | 1,158 | 2,919 |
| Glencoe | 165 | 1,591 |
| | $ 67,374 | $ 45,851 |

The 36.8 percent increase in written premiums for Renaissance Reinsurance was the result of a 66.4 percent increase in premiums related to new business and timing differences of recording written premiums in the Company's underwriting system, a 32.1 percent decrease in premiums

due to the Company not renewing coverage and a 2.5 percent increase related to changes in pricing, participation level and coverage on renewed business. The purchase of Nobel was completed in June of 1998, and accordingly premiums written in the second quarter of 1998 do not reflect premiums generated by Nobel. The decrease in premium volume in DeSoto is a result of existing policyholders not renewing coverage. The decrease in written premiums for Glencoe was primarily a result of the Company not renewing coverage on expiring policies and also due to timing differences.

As discussed in the Company's 1998 10-K and it's 10-Q for the quarter ended March 31, 1999, the Company is in the process of discontinuing or selling the operations of Nobel. Accordingly, the Company expects a decrease in future premium volumes, interest income, and related expenses. (see Financial Condition - - Nobel).

During 1999, the Company continued to purchase reinsurance to reduce its exposure to certain losses. During the second quarter of 1999, ceded premiums written were $32.4 million, compared with $40.7 million for the same quarter in 1998. The decrease in reinsurance premiums ceded is a result of the 1999 ceded premiums for Renaissance Reinsurance being more evenly distributed among quarters, whereas in 1998 the majority of the ceded premiums were written in the second quarter. Although ceded reinsurance reduces net premiums earned, management believes that purchases of reinsurance significantly reduce the level of risk to the Company that would otherwise exist.

The table below sets forth the Company's combined ratio and components thereof, split by segment for the quarters ended June 30, 1999 and 1998:

| | Reinsurance | | Primary | | Total | |
|---|---|---|---|---|---|---|
| Quarter ended: | 30-Jun-99 | 30-Jun-98 | 30-Jun-99 | 30-Jun-98 | 30-Jun-99 | 30-Jun-98 |
| Loss ratio | 33.7% | 20.6% | 52.6% | 34.0% | 36.4% | 21.9% |
| Expense ratio | 26.6% | 27.8% | 24.1% | 32.3% | 26.2% | 28.2% |
| Combined ratio | 59.7% | 48.4% | 76.7% | 66.3% | 62.6% | 50.1% |

Claims and claim expenses incurred for the quarter ended June 30, 1999, as a percentage of net earned premiums, were higher for the Primary operations due to the inclusion of Nobel, which because of the type of business written by Nobel, generally results in a greater loss ratio than Glencoe and DeSoto. Also contributing to the increase in the loss ratio of the primary business was a reduction in net premiums earned by DeSoto due to timing differences. The Reinsurance operations included net losses of $16.4 million or 33.7% of net premiums earned, compared with $8.8 million for the same period in 1998 or 20.6% of net premiums earned. The primary reason for the increase in net losses was due to the recording of net reserves of $10 million related to two significant catastrophe events occurring in the quarter, the Australia hail storms and tornadoes in Oklahoma.

Underwriting expenses are comprised of acquisition expenses and operational expenses. Acquisition expenses were $6.0 million for the quarter ended June 30, 1999 and $5.4 million for the same period in 1998. Operating expenses for the first quarter of 1999 increased to $9.1

million compared with $7.8 million for the same quarter of 1998. The primary cause for the increase in operating expenses was an increase in operating costs associated with the Company's primary operations, and certain one time costs, including severance costs, related to Nobel and the discontinuance of the majority of its operations.

Net investment income, excluding realized investment gains and losses, for the second quarter of 1999 was $14.0 million, compared to $12.6 million for the same period in 1998. The increase in net investment income reflects an increase in invested assets and higher investment yields on the asset base.

Corporate expenses increased to $3.9 million for the quarter ended June 30, 1999, compared with $0.8 million for the same period in 1998. The increase primarily relates to an additional write-off of $3.2 million of goodwill related to the purchase of the operating subsidiaries of Nobel Limited.

Interest expense and minority interest for the quarter ended June 30, 1999 increased to $3.8 million from $3.2 million for the same period in 1998. The increase was primarily related to the Company's purchase of the operating subsidiaries of Nobel Limited, and the related borrowings under the revolving credit facility and the term loan facility utilized for such purchase.

For the six months ended June 30, 1999 compared to the six months ended June 30, 1998

For the six months ended June 30, 1999, net income available to common shareholders was $54.1 million or $2.57 per share, compared to $64.2 million or $2.83 per share for the same period in 1998.

Gross premiums written for the six months ended June 30, 1999 and 1998 are as follows:

| | Six months ended | |
|---|---|---|
| (in thousands) | 30-Jun-99 | 30-Jun-98 |
| Renaissance Reinsurance | $190,222 | $146,882 |
| Nobel | 26,577 | - |
| DeSoto | 4,493 | 15,253 |
| Glencoe | 1,177 | 2,861 |
| | $222,469 | $164,996 |

The 29.5 percent increase in written premiums for Renaissance Reinsurance was the result of a 46.0 percent increase in premiums related to new business, timing differences and non-recurring business, a 21.2 percent decrease in premiums due to the Company not renewing coverage and a 4.7 percent increase related to changes in pricing, participation level and coverage on renewed business. The purchase of Nobel was completed in June of 1998, and accordingly premiums written in the first six months of 1998 do not reflect premiums generated by Nobel. The 1998

premium volume in DeSoto includes its initial assumption of approximately 12,000 policies and in force premium of approximately $10 million in the first quarter of 1998.

As discussed in the Company's 1998 10-K and 10-Q for the quarter ended March 31, 1999, the Company is in the process of discontinuing or selling the operations of Nobel. Accordingly the Company expects a decrease in future premium volumes, interest income, and related expenses. (see Financial Condition - Nobel)

During 1999, the Company continued to purchase reinsurance to reduce its exposure to certain losses. During the first six months of 1999, ceded premiums written were $71.3 million, compared with $47.4 million for the same period in 1998. The increase in ceded premiums relates to increased purchases of $9.8 million by Renaissance Reinsurance, and the inclusion of Nobel, which ceded $12.1 million of premiums in 1999 and is not reflected in the 1998 comparative figures. Although ceded reinsurance reduces net premiums earned, management believes that purchases of reinsurance significantly reduce the level of risk to the Company that would otherwise exist.

The table below sets forth the Company's combined ratio and components thereof, split by segment for the six months ended June 30, 1999 and 1998:

| | Reinsurance | | Primary | | Total | |
|---|---|---|---|---|---|---|
| Six months ended: | 30-Jun-99 | 30-Jun-98 | 30-Jun-99 | 30-Jun-98 | 30-Jun-99 | 30-Jun-98 |
| Loss ratio | 29.5% | 17.8% | 42.7% | 34.4% | 31.7% | 19.6% |
| Expense ratio | 26.1% | 27.4% | 29.2% | 32.6% | 27.2% | 27.9% |
| Combined ratio | 55.6% | 45.2% | 71.9% | 67.0% | 58.9% | 47.5% |

Claims and claim expenses incurred for the six months ended June 30, 1999, as a percentage of net earned premiums, was slightly higher for the Primary operations due to the inclusion of Nobel, which because of the type of business written by Nobel, generally results in a greater loss ratio than Glencoe and DeSoto. Also contributing to the increase in the loss ratio of the primary business was a reduction in net premiums earned by DeSoto due to timing differences. The Reinsurance operations included net losses of $28.5 million or 29.5% of net premiums earned, compared with $14.8 million for the same period in 1998 or 17.8% of net premiums earned. The primary reason for the increase related to initial reserve estimates on events related to the 1999 year, partially offset by reductions in reserves related to accidents occurring in 1997 and earlier. The Company recorded net reserves of $10 million related to two significant catastrophe events occurring in the quarter, the Australia hail storms and tornadoes in Oklahoma.

Underwriting expenses are comprised of acquisition expenses and operational expenses. Acquisition expenses were $12.8 million for the six months ended June 30, 1999 and $11.8 million for the same period in 1998. Operating expenses for the first quarter of 1999 increased to $18.6 million compared with $14.2 million for the same quarter of 1998. The primary cause for the increase in operating expenses was an increase in operating costs associated with the Company's primary operations, and certain one time costs, including severance costs, related to Nobel and the discontinuance of the majority of its operations.

Net investment income, excluding realized investment gains and losses, for the six months ended June 30, 1999 was $27.1 million, compared to $26.3 million for the same period in 1998.

Corporate expenses increased to $7.9 million for the six months ended June 30, 1999, compared with $1.6 million for the same period in 1998. The increase primarily relates to a write-off of $6.4 million of goodwill related to the purchase of the operating subsidiaries of Nobel Limited.

Interest expense and minority interest for the six months ended June 30, 1999 increased to $7.4 million from $6.5 million for the same period in 1998. The increase was primarily related to the Company's purchase of the operating subsidiaries of Nobel Limited, and the related borrowings under the revolving credit facility and the term loan facility utilized for such purchase.

FINANCIAL CONDITION

Liquidity and Capital Requirements

As a holding company, RenaissanceRe relies on investment income and cash dividends and permitted payments from its subsidiaries to make principal payments, interest payments, cash distributions on outstanding obligations and pay quarterly dividends, if any, to its shareholders. The payment of dividends by the Company's Bermuda subsidiaries to RenaissanceRe is, under certain circumstances, limited under Bermuda insurance law. The Bermuda Insurance Act of 1978, amendments thereto (the "Act") and related regulations of Bermuda requires the Company's Bermuda subsidiaries to maintain certain measures of solvency and liquidity. As at June 30, 1999 the statutory capital and surplus of the Company's Bermuda subsidiaries was $684.3 million, and the amount required to be maintained was $101.0 million.

Glencoe is also eligible as an excess and surplus lines insurer in a number of states in the U.S. There are various capital and surplus requirements in these states, with the most onerous requiring Glencoe to maintain a minimum of $15 million in capital and surplus. In this regard the declaration of dividends from retained earnings and distributions from additional paid-in capital are limited to the extent that the above requirements are met. During the second quarter of 1999, Renaissance Reinsurance paid aggregate cash dividends of $21.6 million compared to $28.9 for the same period in 1998.

The Company's U.S. insurance subsidiaries are subject to various statutory and regulatory restrictions regarding the payment of dividends. The restrictions are primarily based upon statutory surplus and statutory net income. The U.S. insurance subsidiaries' combined statutory surplus amounted to $28.2 million at June 30, 1999 and the amount required to be maintained was $24.1 million.

Nobel

As previously announced, the Company recorded an after-tax charge of $40.1 million in the fourth quarter of 1998, related to the operations of Nobel and its affiliates.  As a result, the Company has been in the process of selling or reinsuring the remaining Nobel businesses and reserves, including Nobel's casualty, surety, low-value dwelling, claims adjusting and bail bond businesses. During the first six months of 1999, the Company completed the reinsurance of the casualty and surety books of business and signed an agreement under which its bail business will be assumed by a third party, with an obligation to make payments in the future to Nobel based on the profitability of the bail business. Also during the second quarter, Nobel completed the sale of its IAS/Cat Crew subsidiary to its management team in an earn-out transaction. Nobel also recently signed an agreement under which its low value dwelling book of business will be assumed by a third party. A portion of the consideration may be payable by the purchaser to Nobel based on the future revenues of the low-value dwelling business.

The Company expects that Nobel and its affiliates will continue to conduct certain functions of the casualty, surety, low-value dwelling and bail businesses on a transitional basis. Renaissance U.S. expects to retain ownership of Nobel along with its licenses in the 50 states of America although there can be no assurance that such licenses can be successfully maintained following such sales.

## Cash Flows

The Company's operating subsidiaries have historically produced sufficient cash flows to meet expected claims payments and operational expenses and to provide dividend payments to RenaissanceRe. RenaissanceRe's subsidiaries also maintain a concentration of investments in high quality liquid securities, which management believes will provide sufficient liquidity to meet extraordinary claims payments should the need arise. Additionally, the Company maintains a credit facility from which $125 million is currently unborrowed and available to meet the liquidity needs of the Company.

Cash flows from operating activities for the six months ended June 30, 1999 resulted principally from premium and investment income, net of paid losses, acquisition costs and underwriting expenses. Cash flows from operations in the first six months of 1999 were $53.1 million, compared to $69.5 million for the same period in 1998. The reduction is primarily related to increased payments on the Company's ceded reinsurance and an increase in written premiums which have yet to be collected. The Company has produced cash flows from operations for the full years of 1998 and 1997 significantly in excess of its commitments. To the extent that capital is not utilized in the Company's reinsurance business, the Company will consider using such capital to invest in new opportunities or will consider returning such capital to its shareholders.

Because of the potential high severity and low frequency of losses on the coverages written by the Company, and the seasonality of the Company's business, it is not possible to accurately predict the Company's future cash flows from operating activities. As a consequence, cash flows from operating activities may fluctuate, perhaps significantly, between individual quarters and years.

## Reserves

During the six months ended June 30, 1999 the Company incurred net claims of $36.7 million and paid losses of $75.1 million. The Company's policy of purchasing reinsurance protections continues to have a favorable impact on net incurred claims. Due to the high severity and low frequency of losses related to the property catastrophe insurance and reinsurance business, there can be no assurance that the Company will continue to experience this reduced level of losses.

For the Company's reinsurance operations, estimates of claims and claim expenses are based in part upon estimation of claims resulting from catastrophic events. Estimation by the Company of claims resulting from catastrophic events based upon its own historical claim experience is inherently difficult because of the Company's short operating history and the potential severity of property catastrophe claims. Therefore the Company utilizes both proprietary and commercially available models, as well as historical reinsurance industry property catastrophe claims experience, for purposes of evaluating future trends and providing an estimate of ultimate claims costs.

With respect to both the Company's reinsurance and primary operations, the Company uses statistical and actuarial methods to reasonably estimate ultimate expected claims and claim expenses. The period of time between the reporting of a loss to the Company and the settlement of the Company's liability may be several years. During this period, additional facts and trends may be revealed. As these factors become apparent, case reserves may be adjusted, sometimes requiring an increase in the overall reserves of the Company, and at other times requiring a reallocation of IBNR reserves to specific case reserves. These estimates are reviewed regularly and such adjustments, if any, are reflected in results of operations in the period in which they become known and are accounted for as changes in estimates.

Capital Resources and Shareholders' Equity

The total capital resources of the Company as at June 30, 1999 and December 31, 1998 was as follows:

| (in thousands) | June 30, 1999 | December 31, 1998 |
|---|---|---|
| Term loan payable | $ 35,000 | $ 35,000 |
| Revolving Credit Facility -- borrowed | 90,000 | 65,000 |
| Revolving Credit Facility -- unborrowed | 125,000 | 150,000 |
| Minority interest -- Company obligated mandatorily redeemable capital securities of a subsidiary trust | 94,100 | 100,000 |
| Shareholders' Equity | 608,055 | 612,232 |
| TOTAL CAPITAL RESOURCES | $952,155 | $962,232 |

The Company has a $200 million committed revolving credit and term loan agreement with a syndicate of commercial banks. Interest rates on the facility are based on a spread above LIBOR and averaged approximately 5.5 percent during the first six months of 1999 (6.3 percent for the same period in 1998). The credit agreement contains certain financial covenants including requirements of a consolidated debt to capital ratio of 0.35:1; a consolidated net worth of not less than 125 percent of consolidated debt; and 80 percent of invested assets to be rated BBB- or better. The Company was in compliance with all the covenants of this revolving credit and term loan agreement as at June 30, 1999.

In connection with the Company's purchase of Nobel in June 1998, Renaissance U.S. has a $35 million term loan and $15 million revolving loan facility with a syndicate of commercial banks. Interest rates on the facility are based upon a spread above LIBOR, and averaged approximately 5.8 percent during the first six months of 1999. The Credit Agreement contains certain financial covenants, the primary one being that RenaissanceRe, as the principal guarantor, maintains a ratio of liquid assets to debt service of 4:1. This five year term loan has mandatory repayment provisions approximating 25 percent in each of years two through five. The Company was in compliance with all the covenants of this term loan and revolving loan facility as at June 30, 1999.

The Capital Securities pay cumulative cash distributions at an annual rate of 8.54 percent, payable semi-annually. The Indenture relating to the Capital Securities contains certain covenants, including a covenant prohibiting the payment of dividends by the Company if the Company shall be in default under the Indenture. The Company was in compliance with all of the covenants of the Indenture at June 30, 1999.

During the first six months of 1999, shareholders' equity decreased by $4.1 million, from $612.2 million at December 31, 1998 to $608.1 million at June 30, 1999. The significant components of the decrease included an increase in the unrealized depreciation on investments of $11.1 million, payment of dividends of $14.8 million and the repurchase of shares of $35.1 million, partially offset by net income from continuing operations of $54.1 million.

Investments

The table below shows the aggregate amounts of investments available for sale, equity securities and cash and cash equivalents comprising the Company's portfolio of invested assets:

| (in thousands) | June 30, 1999 | December 31, 1998 |
|---|---|---|
| Investments available for sale, at fair value | $ 780,774 | $ 799,995 |
| Short term investments | 19,814 | 24,983 |
| Other investments | 24,780 | 1,630 |
| Cash and cash equivalents | 121,764 | 115,701 |
| TOTAL INVESTED ASSETS | $947,132 | $942,309 |

The Company's current investment guidelines call for the invested asset portfolio, including cash and cash equivalents, to have at least an average AA rating as measured by Standard & Poor's

Ratings Group. At June 30, 1999, the invested asset portfolio had a dollar weighted average rating of AA, an average duration of 2.5 years and an average yield to maturity of 6.50 percent, prior to investment expenses.

All fixed income securities in the Company's investment portfolio are classified as securities available for sale and are carried at fair value. Any unrealized gains or losses as a result of changes in fair value over the period such investments are held are not reflected in the Company's statement of operations, but rather are reflected in accumulated other comprehensive income in the consolidated statement of shareholders' equity, in accordance with SFAS No. 115 and 130.

As at June 30, 1999 the Company held investments and cash totaling $947.1 million with a net unrealized depreciation balance of $16.2 million. The Company's investment portfolio, is subject to the risks of declines in realizable value. The Company attempts to mitigate this risk through the diversification and active management of its portfolio.

At June 30, 1999, $8.2 million of cash and cash equivalents were invested in currencies other than the U.S. dollar, which represented less than 1 percent of the Company's invested assets.

Derivative Instruments

The Company has assumed risk through catastrophe and weather linked securities and derivative instruments under which losses could be triggered by an industry loss index or natural parameters. For the six months ended June 30, 1999 the Company's activities with respect to these securities has approximated $0.7 million of fees and risk premiums. To date the Company has not experienced any losses from such securities or derivatives. The Company may in the future also utilize other derivatives.

Effects of Inflation

The potential exists, after a catastrophe loss, for the development of inflationary pressures in a local or regional economy. The anticipated effects on the Company are implicitly considered in the Company's catastrophe loss models. The effects of inflation are also considered in pricing and in estimating reserves for unpaid claims and claim adjustment expenses. The actual effects of this post event inflation on the results of the Company cannot be accurately known until claims are ultimately settled.

Year 2000 Readiness Disclosures

Certain computer programs and embedded computer chips use only the last two digits to refer to a year. Therefore, during computer operations, the "00" may be interpreted as being the year 1900, instead of the Year 2000. If not corrected, many computer systems could fail or create erroneous results. Computer systems, equipment and programs that are free from the Year 2000 problem are generally referred to as being compliant.

Year 2000 - Internal Systems

The Company has completed an assessment of its internal business applications and computer systems, including those used in underwriting, policy processing and recording policy details. The Company believes that all critical business applications and systems will function properly with respect to dates in the Year 2000 problem. The Company has backup systems in place for power, certain infrastructure facilities and computer systems in the event of such system failures. While there can be no assurance that these systems will be free from failure, the Company believes that any failure from its internal systems will not materially impact the Company's results of operations or financial condition.

Year 2000 Exposure from Third Parties; Contingency Plan

The Company has evaluated its potential exposures from the non-compliance, if any, of its vendors' and customers' systems with the Year 2000. The Company does not believe that there will be any significant disruption of business from such vendors and customers. However, there can be no assurance that the systems of its vendors and customers, on which the Company relies on for supporting information and certain services, will be Year 2000 compliant and will not have an effect on the Company's business operations, financial results or financial condition.

The Company has a contingency plan in the event that certain communication systems, key utilities, or vendor systems prove not to be Year 2000 compliant. However, the Company realizes that any reasonable contingency plan cannot accurately account for all possible scenarios which may arise as a result of Year 2000 related computer problems. The Company continually evaluates the status of its Year 2000 exposures and modifies its contingency plan as needed.

Year 2000 Policy Coverage

In addition to the risks and costs associated with its internal systems and third party vendors, the Company continues to evaluate its underwriting risk arising from potential losses associated with Year 2000 failures. Variables which may affect the pervasiveness and severity of Year 2000 problem include, but are not limited to, the magnitude of the amount of costs and expenses directly attributable to Year 2000 failures, the portion of such amount, if any, that constitutes insurable losses, and the extent of governmental intervention. Moreover, standard insurance and reinsurance contracts neither explicitly include nor explicitly exclude coverage for Year 2000 failures. The Company does not believe that Year 2000 losses should be covered under the standard forms of contracts that it provides. However, some Year 2000 related losses may or may not be determined to be covered under standard insurance and reinsurance contracts, depending upon the specific contract language, the applicable case law, and the facts and circumstances of each loss. The Company's Year 2000 initiative seeks to minimize its potential Year 2000 underwriting exposure by (1) performing an underwriting evaluation of potential Year 2000 exposures; (2) declining to renew certain contracts where the Company believes the potential risk from Year 2000 losses is too great, and (3) structuring reinsurance contractual language to mitigate potential exposure. The Company cannot be certain that these steps will adequately minimize its Year 2000 underwriting exposures, and given the possible magnitude of the Year 2000 problem, the Company may incur Year 2000 insurance coverage related losses.

The Company believes it is taking reasonable and appropriate measures in the course of its business operations and client relationship to avoid or mitigate such Year 2000 related exposures.

## Current Outlook

It is anticipated that the competitive pressures that have existed since 1995 will continue during the remainder of 1999. During the past four years, these pressures have suppressed the premiums for property catastrophe coverages. However, partially as a result of the $10.1 billion of U.S. catastrophe losses reported in 1998 as estimated by Property Claims Services, the Company believes that the rate reductions, which have been evident in the past four years, are beginning to subside. Also, the Company believes that opportunities in certain select markets will continue to exist, which because of the Company's competitive advantages, including its technological capabilities and its relationships with leading brokers and ceding companies, will enable the Company to find additional opportunities in the property catastrophe reinsurance business that otherwise would not be available.

The Company also believes that its purchase of reinsurance protection will increase during the year. This is partially due to rate increases on certain policies that the Company accessed for protection during 1998, plus additional protection which the Company believes it will purchase during the year.

The Company announced an additional $25 million share buyback in May 1999. Although any share repurchase activity is subject to market conditions, if the Company were to complete these repurchases, such repurchases could reduce the Company's interest income in the future.

The Company has entered into agreements which provide for the sale and reinsurance of Nobel's principal operating units. Accordingly, the Company believes that its future consolidated results will reflect a reduced impact from Nobel and its affiliates. During the first six months of 1999, the Company recorded $26.6 million of gross written premiums, $14.4 million of net premiums written and net income of $0.2 million related to Nobel and its affiliates. The Company expects that Nobel and its affiliates will continue to conduct certain functions on a transitional basis, and that the Company will continue to maintain ownership of Nobel along with its licenses in the 50 states of America although there can be no assurance that such licenses can be successfully maintained.

The Company's financial strength has enabled it to pursue opportunities outside of the property catastrophe reinsurance market into the catastrophe exposed primary insurance market. The Company believes that its financial strength will enable it to continue to pursue other opportunities in the future. There can be no assurance that the Company's pursuit of such opportunities will materially impact the Company's financial condition and results of operations.

During recent fiscal years there has been considerable consolidation among leading brokerage firms and also among the Company's customers. Although consolidations may continue to occur, the Company believes that its financial strength, its position as one of the market leaders in the property catastrophe reinsurance industry and its ability to provide innovative products to the industry will minimize any effect on the Company's business.

## Note on Forward-Looking Statements

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements are statements other than historical information or statements of current condition.

Some forward-looking statements may be identified by use of terms such as "believes," "anticipates," "intends," or "expects." These forward-looking statements relate, among other things, to the plans and objectives of the Company for future operations. 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 the Company or any other person that the objectives or plans of the Company will be achieved. Numerous factors could cause the Company's actual results to differ materially from those in the forward-looking statements, including the following: (i) the occurrence of catastrophic events with a frequency or severity exceeding the Company's estimates; (ii) a decrease in the level of demand for property catastrophe reinsurance, or increased competition in the industry; (iii) the lowering or loss of one of the financial or claims-paying ratings of the Company or one or more of its subsidiaries; (iv) risks associated with implementing business strategies of the Company; (v) uncertainties in the Company's reserving process; (vi) failure of the Company's reinsurers to honor their obligations; (vii) actions of competitors including industry consolidation; (viii) loss of services of any one of the Company's key executive officers; (ix) the passage of federal or state legislation subjecting Renaissance Reinsurance to supervision or regulation including additional tax regulation, in the United States or other jurisdictions in which the Company operates; (x) challenges by insurance regulators in the United States to Renaissance Reinsurance's claim of exemption from insurance regulation under the current laws; (xi) changes in economic conditions, including currency rate conditions which could affect the Company's investment portfolio; (xii) risks relating to the Year 2000 issue; or (xiii) a contention by the United States Internal Revenue Service that the Company or Renaissance Reinsurance is engaged in the conduct of a trade or business within the U.S. The foregoing review of important factors should not be construed as exhaustive; the Company undertakes no obligation to release publicly the results of any future revisions it may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Sensitive Instruments

The Company's investment portfolio includes investments which are available for trading purposes and which are subject to changes in market values with changes in interest rates. The aggregate hypothetical loss generated from an immediate adverse parallel shift in the treasury yield curve of 100 basis points would cause a decrease in total return of 2.5 percent, which equates to a decrease in market value of approximately $23.1 million on a portfolio valued at $922.4 million at June 30, 1999. An immediate time horizon was used as this presents the worst-case scenario.

## Part II -- OTHER INFORMATION

### Item 1 -- Legal Proceedings

None

### Item 2 -- Changes in Securities and Use of Proceeds

None

### Item 3 -- Defaults Upon Senior Securities

None

### Item 4 -- Submission of Matters to a Vote of Security Holders

(a) The registrant's 1999 Annual General Meeting of Shareholders was held on May 13, 1999.

(b) Proxies were solicited by Registrant's management pursuant to Regulation 14A under the Securities Exchange Act of 1934; there was no solicitation in opposition to management's nominees as listed in the proxy statement; and all of such nominees were elected for a one year term.

(c) The following matters were voted upon at the Annual General Meeting with the voting results as indicated:

(1) The Company Board Proposal.

The Company's Bye-Laws provide for a classified Board, consisting of eleven members (which the Board may determine to expand to twelve members) divided into three classes of approximately equal size. At the Annual Meeting, the shareholders elected four of the eleven directors as Class I Directors, who shall serve until the Company's 2002 Annual Meeting.

Class I Directors (whose terms will expire (if elected) in 2002

| Nominee | Votes for | Votes against | Votes withheld |
|---|---|---|---|
| Edmund Greene | | | |
| Lisa J. Marshall | | | |
| Scott E. Pardee | | | |
| William I. Riker | | | |
| | 19,335,555 | 164,342 | 0 |

(2) The Company's Auditors Proposal.

Proposal to appoint Ernst & Young independent auditors of the Company for the 1999 fiscal year.

| Votes For | Votes Against | Votes withheld |
|---|---|---|
| 19,486,201 | 4,479 | 9,217 |

(3) The Renaissance Board Proposal.

The Company's Bye-Laws provide for a classified Board, consisting of eleven members (which the Board may determine to expand to twelve members) divided into three classes of approximately equal size. At the Annual Meeting, the shareholders elected four of the eleven directors as Class I Directors, who shall serve until the Company's 2002 Annual Meeting.

Class I Directors (whose terms will expire (if elected) in 2002

| Nominee | Votes for | Votes against | Votes withheld |
|---|---|---|---|
| Edmund Greene<br>Lisa J. Marshall<br>Scott E. Pardee<br>William I. Riker | | | |
| | 19,436,106 | 51,859 | 11,932 |

(4) The Renaissance Auditors Proposal.

Proposal to appoint Ernst & Young independent auditors of Renaissance for the 1999 fiscal year.

| Votes For | Votes Against | Votes Withheld |
|---|---|---|
| 19,438,890 | 5,925 | 10,082 |

(5) The Renaissance Share Capital Proposal.

Currently, the Memorandum of Association of Renaissance (the "Renaissance Memorandum") provides for minimum paid up share capital of $1,000,000. Applicable

Bermuda regulations require insurers to have share capital of $1.25 million in order to write long term business. While the Company has no present intention to commence writing long term business, the Company believes it is advisable to be in compliance with Bermuda regulations to be well positioned to take advantage of any opportunity which may arise in the future. The Company's Board has unanimously determined that it is advisable and in the best interests of the Company's shareholders to comply with this policy. At present, the actual paid up share capital of Renaissance is $241,201,000 and therefore the amendment will have no effect on the issued share capital of Renaissance.

In accordance with the Company's Bye-laws, approval by the Company's shareholders is required to amend the Renaissance Memorandum. Accordingly the Company, as the sole shareholder of Renaissance, will adopt an amendment to the Renaissance Memorandum of Association deleting the word "US$1,000,000" where it appears in paragraph 5 of the Renaissance Memorandum and substituting therefor the word "US$1,250,000".

| Votes For | Votes Against | Votes Withheld |
|---|---|---|
| 19,431,507 | 58,160 | 10,230 |

Item 5 -- Other Information

None

Item 6 -- Exhibits and Reports on Form 8-K

a. Exhibits:

Exhibit 27 - Financial Data Schedule.

b. Current Reports on Form 8-K:

The Registrant did not file any reports on Form 8-K during the period beginning April 1, 1999 and ending June 30, 1999.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

RenaissanceRe Holdings Ltd.

By: /s/ John M. Lummis
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John M. Lummis
Senior Vice President and
Chief Financial Officer

Date: August 16, 1999

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1,000

6-MOS
DEC-31-1999
JUN-30-1999
780,774
0
0
311
0
0
800,899
121,764
153,425
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1,413,759
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153,946
19,814
9,896
125,000
166,597
47,549
20,826
587,229
1,413,759
222,469
27,145
(5,527)
191
36,700
12,809
18,608
53,822
(245)
54,067
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0
0
54,067
2.60
2.57
0
0
0
0
0
0
0