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UNITED STATES  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2016**

**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 No. 001-14428**

**RENAISSANCERE HOLDINGS LTD.**

(Exact Name Of Registrant As Specified In Its Charter)

**Bermuda**

(State or Other Jurisdiction of  
Incorporation or Organization)

**98-014-1974**

(I.R.S. Employer  
Identification Number)

**Renaissance House, 12 Crow Lane, Pembroke HM 19 Bermuda**

(Address of Principal Executive Offices)

**(441) 295-4513**

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, as defined in Rule 12b-2 of the Act. Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

The number of Common Shares, par value US \$1.00 per share, outstanding at July 25, 2016 was 41,208,267.

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## NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q") of RenaissanceRe Holdings Ltd. ("RenaissanceRe") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. In particular, statements using words such as "may", "should", "estimate", "expect", "anticipate", "intend", "believe", "predict", "potential", or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates. This Form 10-Q also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the reinsurance and insurance industries.

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

- the frequency and severity of catastrophic and other events we cover;
- the effectiveness of our claims and claim expense reserving process;
- our ability to maintain our financial strength ratings;
- the effect of climate change on our business;
- the effect of emerging claims and coverage issues;
- our reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- our exposure to credit loss from counterparties in the normal course of business;
- the effect of continued challenging economic conditions throughout the world;
- continued soft reinsurance underwriting market conditions;
- a contention by the Internal Revenue Service ("IRS") that Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), or any of our other Bermuda subsidiaries, is subject to taxation in the United States ("U.S.");
- the performance of our investment portfolio;
- our ability to successfully implement our business strategies and initiatives;
- our ability to retain our key senior officers and to attract or retain the executives and employees necessary to manage our business;
- our ability to determine the impairments taken on our investments;
- the availability of retrocessional reinsurance on acceptable terms;
- the effect of inflation;
- the adequacy of our ceding companies' ability to assess the risks they underwrite;
- the effect of operational risks, including system or human failures;
- our ability to effectively manage capital on behalf of investors in joint ventures or other entities we manage;
- foreign currency exchange rate fluctuations;

- uncertainties related to the vote in the United Kingdom (“U.K.”) to leave the European Union (“EU”);
- our ability to raise capital if necessary;
- our ability to comply with covenants in our debt agreements;
- changes to the regulatory systems under which we operate, including challenges to the claim of exemption from insurance regulation of RenaissanceRe and our subsidiaries and increased global regulation of the insurance and reinsurance industry;
- losses we could face from terrorism, political unrest or war;
- our dependence on the ability of our operating subsidiaries to declare and pay dividends;
- the success of any of our strategic investments or acquisitions, including our ability to manage our operations as our product and geographical diversity increases;
- the effect of cybersecurity risks, including technology breaches or failure, on our business;
- aspects of our corporate structure that may discourage third party takeovers and other transactions;
- the cyclical nature of the reinsurance and insurance industries;
- adverse legislative developments that reduce the size of the private markets we serve or impede their future growth;
- other regulatory or legislative changes adversely impacting us;
- the effect on our business of the highly competitive nature of our industry, including the effect of new entrants to, competing products for and consolidation in the (re)insurance industry;
- consolidation of customers or insurance and reinsurance brokers;
- the effect of Organization for Economic Co-operation and Development (the “OECD”) or EU measures to increase our taxes;
- adverse tax developments, including potential changes to the taxation of inter-company or related party transactions, or changes to the tax treatment of investors in RenaissanceRe or our joint ventures or other entities we manage;
- changes in regulatory regimes and/or accounting rules, including the EU directive concerning capital adequacy, risk management and regulatory reporting for insurers; and
- our need to make many estimates and judgments in the preparation of our financial statements.

As a consequence, our future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of us. The factors listed above, which are discussed in more detail in our filings with the U.S. Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K (“Form 10-K”) for the year ended December 31, 2015, should not be construed as exhaustive. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to revise or update forward-looking statements to reflect new information, events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.



**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)

	June 30, 2016	December 31, 2015
	(Unaudited)	(Audited)
<b>Assets</b>		
Fixed maturity investments trading, at fair value (Amortized cost \$7,007,201 and \$6,825,877 at June 30, 2016 and December 31, 2015, respectively)	\$ 7,073,129	\$ 6,765,005
Fixed maturity investments available for sale, at fair value (Amortized cost \$10,923 and \$15,943 at June 30, 2016 and December 31, 2015, respectively)	12,434	17,813
Short term investments, at fair value	1,000,206	1,208,401
Equity investments trading, at fair value	301,298	393,877
Other investments, at fair value	489,702	481,621
Investments in other ventures, under equity method	133,448	132,351
<b>Total investments</b>	<b>9,010,217</b>	<b>8,999,068</b>
Cash and cash equivalents	455,521	506,885
Premiums receivable	1,332,667	778,009
Prepaid reinsurance premiums	533,092	230,671
Reinsurance recoverable	222,006	134,526
Accrued investment income	37,900	39,749
Deferred acquisition costs	331,152	199,380
Receivable for investments sold	203,165	220,834
Other assets	160,873	181,011
Goodwill and other intangible assets	258,170	265,154
<b>Total assets</b>	<b>\$ 12,544,763</b>	<b>\$ 11,555,287</b>
<b>Liabilities, Noncontrolling Interests and Shareholders' Equity</b>		
<b>Liabilities</b>		
Reserve for claims and claim expenses	\$ 2,844,243	\$ 2,767,045
Unearned premiums	1,518,106	889,102
Debt	954,577	960,495
Reinsurance balances payable	753,699	523,974
Payable for investments purchased	432,926	391,378
Other liabilities	215,592	245,145
<b>Total liabilities</b>	<b>6,719,143</b>	<b>5,777,139</b>
Commitments and Contingencies		
Redeemable noncontrolling interest	1,122,403	1,045,964
<b>Shareholders' Equity</b>		
Preference shares: \$1.00 par value – 16,000,000 shares issued and outstanding at June 30, 2016 (December 31, 2015 – 16,000,000)	400,000	400,000
Common shares: \$1.00 par value – 41,496,229 shares issued and outstanding at June 30, 2016 (December 31, 2015 – 43,701,064)	41,496	43,701
Additional paid-in capital	242,561	507,674
Accumulated other comprehensive income	2,337	2,108
Retained earnings	4,016,823	3,778,701
<b>Total shareholders' equity attributable to RenaissanceRe</b>	<b>4,703,217</b>	<b>4,732,184</b>
<b>Total liabilities, noncontrolling interests and shareholders' equity</b>	<b>\$ 12,544,763</b>	<b>\$ 11,555,287</b>

See accompanying notes to the consolidated financial statements

**RenaissanceRe Holdings Ltd. and Subsidiaries**  
**Consolidated Statements of Operations**  
**For the three and six months ended June 30, 2016 and 2015**  
(in thousands of United States Dollars, except per share amounts) (Unaudited)

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Revenues</b>				
Gross premiums written	\$ 759,128	\$ 661,997	\$ 1,621,261	\$ 1,305,575
Net premiums written	\$ 519,916	\$ 508,677	\$ 1,031,591	\$ 912,712
Increase in unearned premiums	(168,514)	(128,849)	(326,583)	(236,124)
Net premiums earned	351,402	379,828	705,008	676,588
Net investment income	54,124	38,604	82,987	78,311
Net foreign exchange losses	(690)	(1,740)	(2,382)	(4,870)
Equity in earnings of other ventures	6,022	6,160	7,633	11,455
Other income	2,654	1,427	6,733	2,966
Net realized and unrealized gains (losses) on investments	69,772	(26,712)	131,425	15,037
<b>Total revenues</b>	<b>483,284</b>	<b>397,567</b>	<b>931,404</b>	<b>779,487</b>
<b>Expenses</b>				
Net claims and claim expenses incurred	167,750	169,344	294,355	246,197
Acquisition expenses	69,005	61,666	134,597	105,067
Operational expenses	51,073	54,673	107,308	100,294
Corporate expenses	5,752	12,868	13,977	58,401
Interest expense	10,536	9,862	21,074	15,178
<b>Total expenses</b>	<b>304,116</b>	<b>308,413</b>	<b>571,311</b>	<b>525,137</b>
Income before taxes	179,168	89,154	360,093	254,350
Income tax (expense) benefit	(6,612)	1,842	(9,356)	49,746
<b>Net income</b>	<b>172,556</b>	<b>90,996</b>	<b>350,737</b>	<b>304,096</b>
Net income attributable to redeemable noncontrolling interests	(30,635)	(12,167)	(75,226)	(51,829)
<b>Net income attributable to RenaissanceRe</b>	<b>141,921</b>	<b>78,829</b>	<b>275,511</b>	<b>252,267</b>
Dividends on preference shares	(5,596)	(5,596)	(11,191)	(11,191)
<b>Net income available to RenaissanceRe common shareholders</b>	<b>\$ 136,325</b>	<b>\$ 73,233</b>	<b>\$ 264,320</b>	<b>\$ 241,076</b>
Net income available to RenaissanceRe common shareholders per common share – basic	\$ 3.23	\$ 1.60	\$ 6.20	\$ 5.61
Net income available to RenaissanceRe common shareholders per common share – diluted	\$ 3.22	\$ 1.59	\$ 6.16	\$ 5.56
Dividends per common share	\$ 0.31	\$ 0.30	\$ 0.62	\$ 0.60

See accompanying notes to the consolidated financial statements

**RenaissanceRe Holdings Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the three and six months ended June 30, 2016 and 2015**  
(in thousands of United States Dollars) (Unaudited)

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Comprehensive income</b>				
Net income	\$ 172,556	\$ 90,996	\$ 350,737	\$ 304,096
Change in net unrealized gains on investments	672	(349)	229	(423)
Comprehensive income	173,228	90,647	350,966	303,673
Net income attributable to redeemable noncontrolling interests	(30,635)	(12,167)	(75,226)	(51,829)
Comprehensive income attributable to redeemable noncontrolling interests	(30,635)	(12,167)	(75,226)	(51,829)
Comprehensive income attributable to RenaissanceRe	<u>\$ 142,593</u>	<u>\$ 78,480</u>	<u>\$ 275,740</u>	<u>\$ 251,844</u>
<b>Disclosure regarding net unrealized gains</b>				
Total net realized and unrealized holding gains (losses) on investments	\$ 672	\$ (62)	\$ 229	\$ (85)
Net realized gains on fixed maturity investments available for sale	—	(287)	—	(338)
Change in net unrealized gains on investments	<u>\$ 672</u>	<u>\$ (349)</u>	<u>\$ 229</u>	<u>\$ (423)</u>

See accompanying notes to the consolidated financial statements

**RenaissanceRe Holdings Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**For the six months ended June 30, 2016 and 2015**  
(in thousands of United States Dollars) (Unaudited)

	Six months ended	
	June 30, 2016	June 30, 2015
<b>Preference shares</b>		
Balance – January 1	\$ 400,000	\$ 400,000
Balance – June 30	400,000	400,000
<b>Common shares</b>		
Balance – January 1	43,701	38,442
Issuance of shares	—	7,435
Repurchase of shares	(2,420)	(83)
Exercise of options and issuance of restricted stock awards	215	219
Balance – June 30	41,496	46,013
<b>Additional paid-in capital</b>		
Balance – January 1	507,674	—
Issuance of shares	—	754,384
Repurchase of shares	(269,847)	(8,343)
Change in redeemable noncontrolling interests	(731)	(261)
Exercise of options and issuance of restricted stock awards	5,465	4,704
Balance – June 30	242,561	750,484
<b>Accumulated other comprehensive income</b>		
Balance – January 1	2,108	3,416
Change in net unrealized gains on investments	229	(423)
Balance – June 30	2,337	2,993
<b>Retained earnings</b>		
Balance – January 1	3,778,701	3,423,857
Net income	350,737	304,096
Net income attributable to redeemable noncontrolling interests	(75,226)	(51,829)
Dividends on common shares	(26,198)	(27,479)
Dividends on preference shares	(11,191)	(11,191)
Balance – June 30	4,016,823	3,637,454
<b>Total shareholders' equity</b>	<b>\$ 4,703,217</b>	<b>\$ 4,836,944</b>

See accompanying notes to the consolidated financial statements

**RenaissanceRe Holdings Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2016 and 2015**  
(in thousands of United States Dollars) (Unaudited)

	Six months ended	
	June 30, 2016	June 30, 2015
<b>Cash flows provided by (used in) operating activities</b>		
Net income	\$ 350,737	\$ 304,096
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities</b>		
Amortization, accretion and depreciation	11,036	12,395
Equity in undistributed earnings of other ventures	(2,308)	(6,822)
Net realized and unrealized gains on investments	(131,425)	(15,037)
Net unrealized losses (gains) included in net investment income	20,360	(3,238)
Net unrealized losses included in other income	—	348
Change in:		
Premiums receivable	(554,658)	(396,091)
Prepaid reinsurance premiums	(302,421)	(173,970)
Reinsurance recoverable	(87,480)	(66,042)
Deferred acquisition costs	(131,772)	(63,269)
Reserve for claims and claim expenses	77,198	37,293
Unearned premiums	629,004	410,534
Reinsurance balances payable	229,725	52,969
Other	9,176	(122,536)
<b>Net cash provided by (used in) operating activities</b>	<b>117,172</b>	<b>(29,370)</b>
<b>Cash flows provided by (used in) investing activities</b>		
Proceeds from sales and maturities of fixed maturity investments trading	4,780,406	4,761,975
Purchases of fixed maturity investments trading	(4,984,820)	(4,596,118)
Proceeds from sales and maturities of fixed maturity investments available for sale	5,216	5,000
Net sales (purchases) of equity investments trading	181,634	(166,485)
Net sales of short term investments	245,899	360,162
Net purchases of other investments	(52,778)	(1,250)
Net purchases of investments in other ventures	—	(45)
Net sales of other assets	—	4,500
Net purchase of Platinum	—	(678,152)
<b>Net cash provided by (used in) investing activities</b>	<b>175,557</b>	<b>(310,413)</b>
<b>Cash flows (used in) provided by financing activities</b>		
Dividends paid – RenaissanceRe common shares	(26,198)	(27,479)
Dividends paid – preference shares	(11,191)	(11,191)
RenaissanceRe common share repurchases	(265,003)	(736)
Issuance of debt, net of expenses	—	445,589
Net third party redeemable noncontrolling interest share transactions	(43,909)	(187,064)
<b>Net cash (used in) provided by financing activities</b>	<b>(346,301)</b>	<b>219,119</b>
Effect of exchange rate changes on foreign currency cash	2,208	(6,830)
<b>Net decrease in cash and cash equivalents</b>	<b>(51,364)</b>	<b>(127,494)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>506,885</b>	<b>525,584</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 455,521</b>	<b>\$ 398,090</b>

See accompanying notes to the consolidated financial statements

**RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2016**

(unless otherwise noted, amounts in tables expressed in thousands of United States ("U.S.") dollars,  
except shares, per share amounts and percentages) (Unaudited)

**NOTE 1. ORGANIZATION**

This report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K ("Form 10-K") for the fiscal year ended December 31, 2015.

RenaissanceRe was formed under the laws of Bermuda on June 7, 1993. Together with its wholly owned and majority-owned subsidiaries and DaVinciRe (as defined below), which are collectively referred to herein as the "Company", RenaissanceRe provides reinsurance and insurance coverages and related services to a broad range of customers.

- On March 2, 2015, RenaissanceRe completed its acquisition of Platinum Underwriters Holdings, Ltd. ("Platinum"). As a result of the acquisition, Platinum and its subsidiaries became wholly owned subsidiaries of RenaissanceRe, including Platinum Underwriters Bermuda, Ltd. ("Platinum Bermuda") and Renaissance Reinsurance U.S. Inc., formerly known as Platinum Underwriters Reinsurance, Inc. ("Renaissance Reinsurance U.S."). The Company accounted for the acquisition of Platinum under the acquisition method of accounting in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic *Business Combinations* and the Company's consolidated results of operations include those of Platinum from March 2, 2015.
- Renaissance Reinsurance, the Company's principal reinsurance subsidiary, provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.
- Renaissance Reinsurance U.S. is a reinsurance company domiciled in the state of Maryland that provides property and casualty reinsurance coverages to insurers and reinsurers, primarily in the Americas.
- RenaissanceRe Specialty Risks Ltd. ("RenaissanceRe Specialty Risks") is a Bermuda-domiciled excess and surplus lines insurance company that is listed on the National Association of Insurance Commissioners' International Insurance Department's Quarterly List of Alien Insurers as an eligible surplus lines insurer. RenaissanceRe Underwriting Managers U.S. LLC, a specialty reinsurance agency domiciled in the state of Connecticut, provides specialty treaty reinsurance solutions on both a quota share and excess of loss basis; and writes business on behalf of RenaissanceRe Specialty U.S. Ltd. ("RenaissanceRe Specialty U.S."), a Bermuda-domiciled reinsurer, which operates subject to U.S. federal income tax, and RenaissanceRe Syndicate 1458 ("Syndicate 1458").
- Syndicate 1458 is the Company's Lloyd's syndicate. RenaissanceRe Corporate Capital (UK) Limited ("RenaissanceRe CCL"), a wholly owned subsidiary of RenaissanceRe, is Syndicate 1458's sole corporate member and RenaissanceRe Syndicate Management Ltd. ("RSML"), a wholly owned subsidiary of RenaissanceRe, is the managing agent for Syndicate 1458.
- The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, which principally include Top Layer Reinsurance Ltd. ("Top Layer Re"), recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. ("DaVinci"). Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of DaVinci's parent, DaVinciRe Holdings Ltd. ("DaVinciRe"), the results of DaVinci and DaVinciRe are consolidated in the Company's financial statements and all significant intercompany transactions have been eliminated. Redeemable noncontrolling interest - DaVinciRe represents the interests of external parties with respect to the net income and shareholders' equity of DaVinciRe. Renaissance Underwriting Managers, Ltd. ("RUM"), a wholly owned subsidiary of RenaissanceRe, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.
- RenaissanceRe Medici Fund Ltd. ("Medici") is an exempted fund, incorporated under the laws of Bermuda. Medici's objective is to seek to invest substantially all of its assets in various insurance based investment instruments that have returns primarily tied to property catastrophe risk. Third party

investors have subscribed for a portion of the participating, non-voting common shares of Medici. Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of, Medici's parent, RenaissanceRe Fund Holdings Ltd. ("Fund Holdings"), the results of Medici and Fund Holdings are consolidated in the Company's financial statements and all significant inter-company transactions have been eliminated. Redeemable noncontrolling interest - Medici represents the interests of external parties with respect to the net income and shareholders' equity of Medici.

- Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon RFO Re Ltd., formerly known as Upsilon Reinsurance II Ltd. ("Upsilon RFO"), a Bermuda domiciled special purpose insurer, to provide additional capacity to the worldwide aggregate and per-occurrence primary and retrocessional property catastrophe excess of loss market. Upsilon RFO is considered a variable interest entity ("VIE") and the Company is considered the primary beneficiary. As a result, Upsilon RFO is consolidated by the Company and all significant inter-company transactions have been eliminated.
- Effective November 13, 2014, the Company incorporated RenaissanceRe Upsilon Fund Ltd. ("Upsilon Fund"), an exempted Bermuda segregated accounts company. Upsilon Fund was formed to provide a fund structure through which third party investors can invest in reinsurance risk managed by the Company. As a segregated accounts company, Upsilon Fund is permitted to establish segregated accounts to invest in and hold identified pools of assets and liabilities. Each pool of assets and liabilities in each segregated account is structured to be ring-fenced from any claims from the creditors of Upsilon Fund's general account and from the creditors of other segregated accounts within Upsilon Fund. Third party investors purchase redeemable, non-voting preference shares linked to specific segregated accounts of Upsilon Fund and own 100% of these shares. Upsilon Fund is an investment company and is considered a VIE. The Company does not have a variable interest in Upsilon Fund and as a result Upsilon Fund is not consolidated by the Company.

## **NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

There have been no material changes to the Company's significant accounting policies as described in its Form 10-K for the year ended December 31, 2015, except as noted below.

### **BASIS OF PRESENTATION**

These consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States ("GAAP") for interim financial information and in conformity 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 consolidated financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements.

Certain comparative information has been reclassified to conform to the current presentation. Because of the seasonality of the Company's business, the results of operations and cash flows for any interim period will not necessarily be indicative of the results of operations and cash flows for the full fiscal year or subsequent quarters.

### **USE OF ESTIMATES IN FINANCIAL STATEMENTS**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The major estimates reflected in the Company's consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses; reinsurance recoverables, including allowances for reinsurance recoverables deemed uncollectible; estimates of written and earned premiums; fair value, including the fair value of investments, financial instruments and derivatives; impairment charges and the Company's deferred tax valuation allowance.

## RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

### *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*

In June 2014, the FASB issued ASU No. 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* ("ASU 2014-12"). The objective of ASU 2014-12 is to resolve the diverse accounting treatment of share-based payment awards in situations where an employee would be eligible to vest in the award regardless of whether the employee is rendering service on the date the performance target is achieved. For example, if an employee is eligible to retire or otherwise terminate employment before the end of the period in which a performance target could be achieved and still be eligible to vest in the award. ASU 2014-12 will resolve if and when the performance target is achieved. ASU 2014-12 became effective for all entities in annual and interim periods beginning after December 15, 2015. Early adoption was permitted. The Company adopted ASU 2014-12 effective January 1, 2016, and prospectively applied the amendments in ASU 2014-12 to all awards granted or modified after the effective date. The adoption of ASU 2014-12 did not have a material impact on the Company's consolidated statements of operations and financial position.

### *Amendments to the Consolidation Analysis*

In February 2015, the FASB issued ASU No. 2015-02, *Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 will affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under ASU 2015-02. ASU 2015-02 set forth amendments: modifying the evaluation of whether limited partnerships and similar legal entities are VIEs; eliminating the presumption that a general partner should consolidate a limited partnership; affecting the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangement and related party relationships; and providing a scope exception from consolidation guidance for reporting entities with interests in certain investment funds. ASU 2015-02 became effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption was permitted. The Company adopted ASU 2015-02 effective January 1, 2016 and it did not have a material impact on the Company's consolidated statements of operations and financial position. See "Note 7. Variable Interest Entities" for additional information related to the Company's VIE's.

### *Simplifying the Presentation of Debt Issuance Costs*

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). The objective of ASU 2015-03 is to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in ASU 2015-03. ASU 2015-03 became effective for public business entities in annual and interim periods beginning after December 15, 2015 with retroactive application. The Company retrospectively adopted ASU 2015-03 effective January 1, 2016 and the impact on the Company's consolidated balance sheet at December 31, 2015 was to reduce each of other assets and debt by \$5.6 million, respectively, which represented the deferred debt issuance costs previously recorded in other assets and reclassified as an offset to debt. In addition, for the six months ended June 30, 2015, corporate expense was reduced by \$0.2 million and interest expense was increased by \$0.2 million to reclassify the amortization of deferred debt issuance costs from corporate expense to interest expense. There was no net impact on the Company's consolidated statements of operations or financial position as a result of the retrospective adoption of ASU 2015-03.

### *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net



asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 became effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. A reporting entity should apply the amendments retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application was permitted. The Company retrospectively adopted ASU 2015-07 effective January 1, 2016; since this update is disclosure-related only, it did not have a material impact on the Company's statements of operations and financial position.

#### *Simplifying the Accounting for Measurement-Period Adjustments*

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). ASU 2015-16 removes the requirement to retrospectively account for adjustments made to provisional amounts recognized in a business combination. Rather, those adjustments are to be recognized by the acquirer in the reporting period in which the adjustment amounts are determined. A reporting entity is also required to disclose, in the reporting period in which the adjustment amounts are recorded, the effect on earnings of changes in depreciation, amortization, or other income effects, as a result of the change to provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition, the reporting entity would present on the face of the income statement or disclose in the notes the amounts that would have been recorded in previous reporting periods if the adjustment to provisional amounts had been recognized as of the acquisition date. ASU 2015-16 was effective for public business entities in annual and interim periods beginning after December 15, 2015. ASU 2015-16 should be applied prospectively to adjustments for provisional amounts that occur after the effective date, with earlier application permitted for financial statements that have not been issued. The Company adopted ASU 2015-16 effective January 1, 2016 and it did not have a material impact on the Company's consolidated statements of operations and financial position.

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

##### *Revenue from Contracts with Customers*

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also provides guidance on accounting for certain contract costs and will also require new disclosures. ASU 2014-09 is effective for public business entities in annual and interim periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

##### *Disclosures about Short-Duration Contracts*

In May 2015, the FASB issued ASU No. 2015-09, *Disclosures about Short-Duration Contracts* ("ASU 2015-09"). ASU 2015-09 requires insurance entities to disclose for annual reporting periods additional information about the liability for unpaid claims and claim adjustment expenses, including: (1) incurred and paid claims development information by accident year, on a net basis, for the number of years for which claims incurred typically remain outstanding, not exceeding 10 years; (2) a reconciliation of incurred and paid claims development information to the aggregate carry amount of the liability for claims and claim adjustment expenses, with separate disclosure of reinsurance recoverable on unpaid claims for each period presented in the statement of financial position; (3) for each accident year presented of incurred claims development information, the total of incurred but not reported liabilities plus expected development on reported claims including in the liability for unpaid claims and claim adjustment expenses, accompanied by a description of the reserving methodologies; (4) for each accident year presented of incurred claims development information, quantitative information about claim frequency accompanied by a qualitative description of methodologies used for determining claim frequency information; and (5) for all claims, the

average annual percentage payout of incurred claims by age for the same number of accident years presented in (3) and (4) above. ASU 2015-09 also requires insurance entities to disclose information about significant changes in methodologies and assumptions used to calculate the liability for unpaid claims and claim adjustment expenses, including the reasons for the change and the effects on the financial statements. In addition, ASU 2015-09 requires insurance entities to disclose for annual and interim reporting periods a rollforward of the liability for unpaid claims and claim adjustment expenses. ASU 2015-09 is effective for public business entities in annual periods beginning after December 31, 2015, and interim periods within annual periods beginning after December 31, 2016. Early adoption is permitted. ASU 2015-09 should be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. As this guidance is disclosure-related only, the adoption of this guidance is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

*Recognition and Measurement of Financial Assets and Financial Liabilities*

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting or those that result in the consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, simplifies the impairment assessment of equity investments without readily determinable values by requiring a qualitative assessment to identify impairment, eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value for financial instruments measured at amortized cost, requires the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation in other comprehensive income of the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the organization has elected to measure the liabilities in accordance with the fair value option, requires the separate presentation of financial assets and financial liabilities by measurement category and for form of financial asset on the balance sheet or the accompanying notes to the financial statements and clarifies that the reporting organization should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the organization's other deferred tax assets. ASU 2016-01 is effective for public business entities in annual and interim periods beginning after December 15, 2017. Earlier adoption is generally not permitted, except for certain specific provisions of ASU 2016-01. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company's consolidated statements of operations and financial position.

**NOTE 3. INVESTMENTS**

*Fixed Maturity Investments Trading*

The following table summarizes the fair value of fixed maturity investments trading:

	June 30, 2016	December 31, 2015
U.S. treasuries	\$ 2,660,051	\$ 2,064,944
Agencies	126,549	137,976
Municipal	561,456	583,282
Non-U.S. government (Sovereign debt)	313,699	334,981
Non-U.S. government-backed corporate	157,606	138,994
Corporate	1,840,407	2,055,323
Agency mortgage-backed	513,517	504,368
Non-agency mortgage-backed	251,015	262,235
Commercial mortgage-backed	498,682	554,625
Asset-backed	150,147	128,277
Total fixed maturity investments trading	<u>\$ 7,073,129</u>	<u>\$ 6,765,005</u>

*Fixed Maturity Investments Available For Sale*

The following table summarizes the amortized cost, fair value and related unrealized gains and losses and non-credit other-than-temporary impairments of fixed maturity investments available for sale:

	Amortized Cost	Included in Accumulated Other Comprehensive Income		Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
		Gross Unrealized Gains	Gross Unrealized Losses		
<b>June 30, 2016</b>					
Agency mortgage-backed	\$ 139	\$ 10	\$ —	\$ 149	\$ —
Non-agency mortgage-backed	6,214	1,278	—	7,492	503
Commercial mortgage-backed	4,570	223	—	4,793	—
Total fixed maturity investments available for sale	\$ 10,923	\$ 1,511	\$ —	\$ 12,434	\$ 503

	Amortized Cost	Included in Accumulated Other Comprehensive Income		Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
		Gross Unrealized Gains	Gross Unrealized Losses		
<b>December 31, 2015</b>					
Agency mortgage-backed	\$ 143	\$ 7	\$ —	\$ 150	\$ —
Non-agency mortgage-backed	7,005	1,523	—	8,528	550
Commercial mortgage-backed	6,578	293	—	6,871	—
Asset-backed	2,217	47	—	2,264	—
Total fixed maturity investments available for sale	\$ 15,943	\$ 1,870	\$ —	\$ 17,813	\$ 550

(1) Represents the non-credit component of other-than-temporary impairments recognized in accumulated other comprehensive income adjusted for subsequent sales of securities. It does not include the change in fair value subsequent to the impairment measurement date.

Contractual maturities of fixed maturity investments are described in the following table. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Trading		Available for Sale		Total Fixed Maturity Investments	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<b>June 30, 2016</b>						
Due in less than one year	\$ 273,579	\$ 266,356	\$ —	\$ —	\$ 273,579	\$ 266,356
Due after one through five years	4,136,965	4,163,134	—	—	4,136,965	4,163,134
Due after five through ten years	1,026,303	1,049,939	—	—	1,026,303	1,049,939
Due after ten years	171,187	180,339	—	—	171,187	180,339
Mortgage-backed	1,244,139	1,263,214	10,923	12,434	1,255,062	1,275,648
Asset-backed	155,028	150,147	—	—	155,028	150,147
Total	\$ 7,007,201	\$ 7,073,129	\$ 10,923	\$ 12,434	\$ 7,018,124	\$ 7,085,563

### Equity Investments Trading

The following table summarizes the fair value of equity investments trading:

	June 30, 2016	December 31, 2015
Financials	\$ 196,662	\$ 193,716
Communications and technology	33,704	65,833
Industrial, utilities and energy	28,585	51,168
Consumer	21,047	40,918
Healthcare	17,949	36,148
Basic materials	3,351	6,094
<b>Total</b>	<b>\$ 301,298</b>	<b>\$ 393,877</b>

### Pledged Investments

At June 30, 2016, \$2.4 billion of cash and investments at fair value were on deposit with, or in trust accounts for the benefit of various counterparties, including with respect to the Company's letter of credit facilities (December 31, 2015 - \$2.5 billion). Of this amount, \$676.6 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities (December 31, 2015 - \$664.6 million).

### Reverse Repurchase Agreements

At June 30, 2016, the Company held \$69.9 million (December 31, 2015 - \$26.2 million) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of short term investments on the Company's consolidated balance sheets. The required collateral for these loans typically include high-quality, readily marketable instruments at a minimum amount of 102% of the loan principal. Upon maturity, the Company receives principal and interest income.

### Net Investment Income

The components of net investment income are as follows:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Fixed maturity investments	\$ 46,091	\$ 33,791	\$ 82,097	\$ 59,730
Short term investments	1,227	297	2,227	494
Equity investments	865	1,913	2,528	4,517
Other investments				
Private equity investments	4,356	5,425	(5,002)	15,838
Other	5,035	674	8,344	4,182
Cash and cash equivalents	209	127	338	275
	57,783	42,227	90,532	85,036
Investment expenses	(3,659)	(3,623)	(7,545)	(6,725)
Net investment income	<b>\$ 54,124</b>	<b>\$ 38,604</b>	<b>\$ 82,987</b>	<b>\$ 78,311</b>

### Net Realized and Unrealized Gains on Investments

Net realized and unrealized gains on investments are as follows:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Gross realized gains	\$ 22,661	\$ 8,672	\$ 40,411	\$ 30,204
Gross realized losses	(7,804)	(21,552)	(22,469)	(26,423)
Net realized gains (losses) on fixed maturity investments	14,857	(12,880)	17,942	3,781
Net unrealized gains (losses) on fixed maturity investments trading	44,271	(48,104)	129,736	(22,132)
Net realized and unrealized (losses) gains on investments-related derivatives	(9,151)	19,816	(28,600)	15,608
Net realized gains on equity investments trading	14,729	8,832	13,911	16,313
Net unrealized gains (losses) on equity investments trading	5,066	5,624	(1,564)	1,467
Net realized and unrealized gains (losses) on investments	\$ 69,772	\$ (26,712)	\$ 131,425	\$ 15,037

The Company did not have any fixed maturity investments available for sale in an unrealized loss position at June 30, 2016 or December 31, 2015.

#### NOTE 4. FAIR VALUE MEASUREMENTS

The use of fair value to measure certain assets and liabilities with resulting unrealized gains or losses is pervasive within the Company's consolidated financial statements. Fair value is defined under accounting guidance currently applicable to the Company to be the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The Company recognizes the change in unrealized gains and losses arising from changes in fair value in its consolidated statements of operations, with the exception of changes in unrealized gains and losses on its fixed maturity investments available for sale, which are recognized as a component of accumulated other comprehensive income in shareholders' equity.

FASB ASC Topic *Fair Value Measurements and Disclosures* prescribes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuation techniques that use at least one significant input that is unobservable (Level 3). The three levels of the fair value hierarchy are described below:

- Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities for which the Company has access. The fair value is determined by multiplying the quoted price by the quantity held by the Company;
- Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices; and
- Level 3 inputs are based all or in part on significant unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

In order to determine if a market is active or inactive for a security, the Company considers a number of factors, including, but not limited to, the spread between what a seller is asking for a security and what a buyer is bidding for the same security, the volume of trading activity for the security in question, the price of the security compared to its par value (for fixed maturity investments), and other factors that may be indicative of market activity.

There have been no material changes in the Company's valuation techniques, nor have there been any transfers between Level 1 and Level 2, or Level 2 and 3 during the period represented by these consolidated financial statements.

Below is a summary of the assets and liabilities that are measured at fair value on a recurring basis and also represents the carrying amount on the Company's consolidated balance sheets:

<u>At June 30, 2016</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed maturity investments				
U.S. treasuries	\$ 2,660,051	\$ 2,660,051	\$ —	\$ —
Agencies	126,549	—	126,549	—
Municipal	561,456	—	561,456	—
Non-U.S. government (Sovereign debt)	313,699	—	313,699	—
Non-U.S. government-backed corporate	157,606	—	157,606	—
Corporate	1,840,407	—	1,840,407	—
Agency mortgage-backed	513,666	—	513,666	—
Non-agency mortgage-backed	258,507	—	258,507	—
Commercial mortgage-backed	503,475	—	503,475	—
Asset-backed	150,147	—	150,147	—
Total fixed maturity investments	7,085,563	2,660,051	4,425,512	—
Short term investments	1,000,206	—	1,000,206	—
Equity investments trading	301,298	301,298	—	—
Other investments				
Catastrophe bonds	275,553	—	275,553	—
Private equity partnerships (1)	190,316	—	—	190,316
Senior secured bank loan fund (1)	22,212	—	—	22,212
Hedge funds (1)	1,621	—	—	1,621
Total other investments	489,702	—	275,553	214,149
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (2)	(2,680)	—	—	(2,680)
Derivatives (3)	2,368	1,084	1,284	—
Other	(4,541)	—	(4,541)	—
Total other assets and (liabilities)	(4,853)	1,084	(3,257)	(2,680)
	<u>\$ 8,871,916</u>	<u>\$ 2,962,433</u>	<u>\$ 5,698,014</u>	<u>\$ 211,469</u>

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(2) Included in assumed and ceded (re)insurance contracts at June 30, 2016 was \$1.0 million and \$3.7 million of other assets and other liabilities, respectively.

(3) See "Note 11. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

<b>At December 31, 2015</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Fixed maturity investments</b>				
U.S. treasuries	\$ 2,064,944	\$ 2,064,944	\$ —	\$ —
Agencies	137,976	—	137,976	—
Municipal	583,282	—	583,282	—
Non-U.S. government (Sovereign debt)	334,981	—	334,981	—
Non-U.S. government-backed corporate	138,994	—	138,994	—
Corporate	2,055,323	—	2,047,705	7,618
Agency mortgage-backed	504,518	—	504,518	—
Non-agency mortgage-backed	270,763	—	270,763	—
Commercial mortgage-backed	561,496	—	561,496	—
Asset-backed	130,541	—	130,541	—
<b>Total fixed maturity investments</b>	<b>6,782,818</b>	<b>2,064,944</b>	<b>4,710,256</b>	<b>7,618</b>
Short term investments	1,208,401	—	1,208,401	—
Equity investments trading	393,877	393,877	—	—
<b>Other investments</b>				
Catastrophe bonds	241,253	—	241,253	—
Private equity partnerships (1)	214,848	—	—	—
Senior secured bank loan fund (1)	23,231	—	—	—
Hedge funds (1)	2,289	—	—	—
<b>Total other investments</b>	<b>481,621</b>	<b>—</b>	<b>241,253</b>	<b>—</b>
<b>Other assets and (liabilities)</b>				
Assumed and ceded (re)insurance contracts (2)	(5,899)	—	—	(5,899)
Derivatives (3)	1,486	(1,234)	2,720	—
Other	(12,320)	—	(12,320)	—
<b>Total other assets and (liabilities)</b>	<b>(16,733)</b>	<b>(1,234)</b>	<b>(9,600)</b>	<b>(5,899)</b>
	<b>\$ 8,849,984</b>	<b>\$ 2,457,587</b>	<b>\$ 6,150,310</b>	<b>\$ 1,719</b>

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

(2) Included in assumed and ceded (re)insurance contracts at December 31, 2015 was \$3.5 million and \$9.4 million of other assets and other liabilities, respectively.

(3) See "Note 11. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

#### **Level 1 and Level 2 Assets and Liabilities Measured at Fair Value**

##### *Fixed Maturity Investments*

Fixed maturity investments included in Level 1 consist of the Company's investments in U.S. treasuries. Fixed maturity investments included in Level 2 are agencies, municipal, non-U.S. government, non-U.S. government-backed corporate, corporate, agency mortgage-backed, non-agency mortgage-backed, commercial mortgage-backed and asset-backed.

The Company's fixed maturity investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an



exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine month end prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing, however models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third party data. Securities which are priced by an index provider are generally included in the index.

In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding, however they are based on observable inputs and by observing secondary trading of similar securities obtained from active, non-distressed markets.

The Company considers these Level 2 inputs as they are corroborated with other market observable inputs. The techniques generally used to determine the fair value of the Company's fixed maturity investments are detailed below by asset class.

#### U.S. treasuries

Level 1 - At June 30, 2016, the Company's U.S. treasuries fixed maturity investments were primarily priced by pricing services and had a weighted average effective yield of 0.7% and a weighted average credit quality of AA (December 31, 2015 - 1.3% and AA, respectively). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

#### Agencies

Level 2 - At June 30, 2016, the Company's agency fixed maturity investments had a weighted average effective yield of 1.3% and a weighted average credit quality of AA (December 31, 2015 - 1.7% and AA, respectively). The issuers of the Company's agency fixed maturity investments primarily consist of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. Fixed maturity investments included in agencies are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

#### Municipal

Level 2 - At June 30, 2016, the Company's municipal fixed maturity investments had a weighted average effective yield of 1.6% and a weighted average credit quality of AA (December 31, 2015 - 2.0% and AA, respectively). The Company's municipal fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information regarding the security from third party sources such as trustees, paying agents or issuers. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread over widely accepted market benchmarks.

#### Non-U.S. government (Sovereign debt)

Level 2 - At June 30, 2016, the Company's non-U.S. government fixed maturity investments had a weighted average effective yield of 1.0% and a weighted average credit quality of AA (December 31, 2015 - 1.4% and AA, respectively). The issuers of securities in this sector are non-U.S. governments and their respective agencies as well as supranational organizations. Securities held in these sectors are primarily priced by

pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

#### Non-U.S. government-backed corporate

Level 2 - At June 30, 2016, the Company's non-U.S. government-backed corporate fixed maturity investments had a weighted average effective yield of 1.0% and a weighted average credit quality of AA (December 31, 2015 - 1.3% and AA, respectively). Non-U.S. government-backed fixed maturity investments are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread to the respective curve for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

#### Corporate

Level 2 - At June 30, 2016, the Company's corporate fixed maturity investments principally consisted of U.S. and international corporations and had a weighted average effective yield of 3.7% and a weighted average credit quality of BBB (December 31, 2015 - 3.8% and BBB, respectively). The Company's corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread which is added to the U.S. treasury curve or a security specific swap curve as appropriate.

#### Agency mortgage-backed

Level 2 - At June 30, 2016, the Company's agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 2.0%, a weighted average credit quality of AA and a weighted average life of 4.8 years (December 31, 2015 - 2.7%, AA and 6.1 years, respectively). The Company's agency mortgage-backed fixed maturity investments are primarily priced by pricing services using a mortgage pool specific model which utilizes daily inputs from the active to be announced market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with daily active market quotes.

#### Non-agency mortgage-backed

Level 2 - The Company's non-agency mortgage-backed fixed maturity investments include non-agency prime residential mortgage-backed and non-agency Alt-A fixed maturity investments. The Company has no fixed maturity investments classified as sub-prime held in its fixed maturity investments portfolio. At June 30, 2016, the Company's non-agency prime residential mortgage-backed fixed maturity investments had a weighted average effective yield of 4.4%, a weighted average credit quality of non-investment grade, and a weighted average life of 4.2 years (December 31, 2015 - 3.8%, non-investment grade and 4.3 years, respectively). The Company's non-agency Alt-A fixed maturity investments held at June 30, 2016 had a weighted average effective yield of 5.5%, a weighted average credit quality of non-investment grade and a weighted average life of 5.5 years (December 31, 2015 - 4.7%, non-investment grade and 5.4 years, respectively). Securities held in these sectors are primarily priced by pricing services using an option adjusted spread model or other relevant models, which principally utilize inputs including benchmark yields, available trade information or broker quotes, and issuer spreads. The pricing services also review collateral

prepayment speeds, loss severity and delinquencies among other collateral performance indicators for the securities valuation, when applicable.

#### Commercial mortgage-backed

Level 2 - At June 30, 2016, the Company's commercial mortgage-backed fixed maturity investments had a weighted average effective yield of 2.8%, a weighted average credit quality of AAA, and a weighted average life of 3.7 years (December 31, 2015 - 2.9%, AAA and 3.7 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.

#### Asset-backed

Level 2 - At June 30, 2016, the Company's asset-backed fixed maturity investments had a weighted average effective yield of 1.9%, a weighted average credit quality of AAA and a weighted average life of 2.5 years (December 31, 2015 - 2.1%, AAA and 2.5 years, respectively). The underlying collateral for the Company's asset-backed fixed maturity investments primarily consists of student loans, credit card receivables, auto loans and other receivables. Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services determine the expected cash flows for each security held in this sector using historical prepayment and default projections for the underlying collateral and current market data. In addition, a spread is applied to the relevant benchmark and used to discount the cash flows noted above to determine the fair value of the securities held in this sector.

#### *Short Term Investments*

Level 2 - The fair value of the Company's portfolio of short term investments is generally determined using amortized cost which approximates fair value and, in certain cases, in a manner similar to the Company's fixed maturity investments noted above. At June 30, 2016, the Company's short term investments had a weighted average effective yield of 0.5% and a weighted average credit quality of AAA (December 31, 2015 - 0.4% and AAA, respectively).

#### *Equity Investments, Classified as Trading*

Level 1 - The fair value of the Company's portfolio of equity investments, classified as trading is primarily priced by pricing services, reflecting the closing price quoted for the final trading day of the period. When pricing these securities, the pricing services utilize daily data from many real time market sources, including applicable securities exchanges. All data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source was used for each security.

#### *Other investments*

#### Catastrophe bonds

Level 2 - The Company's other investments include investments in catastrophe bonds which are recorded at fair value based on broker or underwriter bid indications.

#### *Other assets and liabilities*

#### Derivatives

Level 1 and Level 2 - Other assets and liabilities include certain derivatives entered into by the Company. The fair value of these transactions includes certain exchange traded foreign currency forward contracts which are considered Level 1, and certain credit derivatives, determined using standard industry valuation models and considered Level 2, as the inputs to the valuation model are based on observable market

inputs, including credit spreads, credit ratings of the underlying referenced security, the risk free rate and the contract term.

### Other

Level 2 - The liabilities measured at fair value and included in Level 2 at June 30, 2016 of \$4.5 million are comprised of cash settled restricted stock units (“CSRSU”) that form part of the Company’s compensation program. The fair value of the Company’s CSRSUs is determined using observable exchange traded prices for the Company’s common shares.

### **Level 3 Assets and Liabilities Measured at Fair Value**

Below is a summary of quantitative information regarding the significant observable and unobservable inputs (Level 3) used in determining the fair value of assets and liabilities measured at fair value on a recurring basis:

<b>At June 30, 2016</b>	<b>Fair Value (Level 3)</b>	<b>Valuation Technique</b>	<b>Unobservable (U) and Observable (O) Inputs</b>	<b>Low</b>	<b>High</b>	<b>Weighted Average or Actual</b>
<i>Other assets and (liabilities)</i>						
Assumed and ceded (re)insurance contracts	(1,302)	Internal valuation model	Bond price (U)	\$ 97.61	\$ 100.02	\$ 99.02
			Liquidity discount (U)	n/a	n/a	1.3%
Assumed and ceded (re)insurance contracts	(1,378)	Internal valuation model	Net undiscounted cash flows (U)	n/a	n/a	\$ (10,753)
			Expected loss ratio (U)	n/a	n/a	0.1%
			Net acquisition expense ratio (O)	n/a	n/a	23.0%
			Contract period (O)	0.5 years	3.0 years	2.2 years
			Discount rate (U)	n/a	n/a	0.7%
Total assumed and ceded (re)insurance contracts	<u>(2,680)</u>					
Total other assets and (liabilities)	<u>(2,680)</u>					
	<u>\$ (2,680)</u>					

### *Other assets and liabilities*

### Assumed and ceded (re)insurance contracts

Level 3 - At June 30, 2016, the Company had a \$1.3 million net liability related to an assumed reinsurance contract accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on indicative pricing obtained from independent brokers and pricing vendors for similarly structured marketable securities. The most significant unobservable inputs include prices for similar marketable securities and a liquidity premium. The Company considers the prices for similar securities to be unobservable, as there is little, if any market activity for these similar assets. In addition, the Company has estimated a liquidity premium that would be required if the Company attempted to effectively exit its position by executing a short sale of these securities. Generally, an increase in the prices for similar marketable securities or a decrease in the liquidity premium would result in an increase in the expected profit and ultimate fair value of this assumed reinsurance contract.

Level 3 - At June 30, 2016, the Company had a \$1.4 million net liability related to assumed and ceded (re)insurance contracts accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on proprietary data as observable market inputs are generally not available. The most significant unobservable inputs include the

assumed and ceded expected net cash flows related to the contracts, including the expected premium, acquisition expenses and losses; the expected loss ratio and the relevant discount rate used to present value the net cash flows. The contract period and acquisition expense ratio are considered observable input as each is defined in the contract. Generally, an increase in the net expected cash flows and expected term of the contract and a decrease in the discount rate, expected loss ratio or acquisition expense ratio, would result in an increase in the expected profit and ultimate fair value of these assumed and ceded (re)insurance contracts.

Below is a reconciliation of the beginning and ending balances, for the periods shown, of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs. Interest and dividend income are included in net investment income and are excluded from the reconciliation.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets and (liabilities)	Total
Balance - April 1, 2016	\$ 7,500	\$ (4,724)	\$ 2,776
Total realized gains			
Included in other income	—	2,092	2,092
Purchases	—	(48)	(48)
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2016	\$ —	\$ (2,680)	\$ (2,680)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets and (liabilities)	Total
Balance - January 1, 2016	\$ 7,618	\$ (5,899)	\$ 1,719
Total unrealized losses			
Included in net investment income	(118)	—	(118)
Total realized gains			
Included in other income	—	3,792	3,792
Purchases	—	(573)	(573)
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2016	\$ —	\$ (2,680)	\$ (2,680)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	\$ —	\$ —	\$ —

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets and (liabilities)	Total
Balance - April 1, 2015	\$ 15,474	\$ 72,969	\$ 88,443
Total unrealized (losses) gains			
Included in net investment income	(314)	16	(298)
Included in other income	—	(348)	(348)
Total realized gains			
Included in other income	—	1,512	1,512
Total foreign exchange losses	—	(6)	(6)
Purchases	—	1,544	1,544
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2015	\$ 7,660	\$ 75,687	\$ 83,347
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	\$ (132)	\$ 16	\$ (116)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income	\$ —	\$ (348)	\$ (348)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets and (liabilities)	Total
Balance - January 1, 2015	\$ 15,660	\$ (8,934)	\$ 6,726
Total unrealized (losses) gains			
Included in net investment income	(500)	176	(324)
Included in other income	—	(348)	(348)
Total realized gains			
Included in other income	—	2,828	2,828
Purchases	—	81,965	81,965
Settlements	(7,500)	—	(7,500)
Balance - June 30, 2015	\$ 7,660	\$ 75,687	\$ 83,347
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	\$ (318)	\$ 176	\$ (142)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income	\$ —	\$ (348)	\$ (348)

#### Financial Instruments Disclosed, But Not Carried, at Fair Value

The Company uses various financial instruments in the normal course of its business. The Company's insurance contracts are excluded from the fair value of financial instruments accounting guidance, unless the Company elects the fair value option, and therefore, are not included in the amounts discussed herein. The carrying values of cash and cash equivalents, accrued investment income, receivables for investments sold, certain other assets, payables for investments purchased, certain other liabilities, and other financial instruments not included herein approximated their fair values.

## Debt

Included on the Company's consolidated balance sheet at June 30, 2016 were debt obligations of \$954.6 million (December 31, 2015 - \$960.5 million). At June 30, 2016, the fair value of the Company's debt obligations was \$1,008.5 million (December 31, 2015 – \$973.3 million).

The fair value of the Company's debt obligations is determined using indicative market pricing obtained from third-party service providers, which the Company considers Level 2 in the fair value hierarchy. There have been no changes during the period in the Company's valuation technique used to determine the fair value of the Company's debt obligations.

## The Fair Value Option for Financial Assets and Financial Liabilities

The Company has elected to account for certain financial assets and financial liabilities at fair value using the guidance under FASB ASC Topic *Financial Instruments* as the Company believes it represents the most meaningful measurement basis for these assets and liabilities. Below is a summary of the balances the Company has elected to account for at fair value:

	June 30, 2016	December 31, 2015
Other investments	\$ 489,702	\$ 481,621
Other assets	\$ 980	\$ 3,463
Other liabilities	\$ 3,660	\$ 9,362

Included in net investment income for the three and six months ended June 30, 2016 were net unrealized losses of \$5.0 million and \$20.4 million, respectively, related to the changes in fair value of other investments (2015 – losses of \$1.6 million and gains of \$3.2 million, respectively). Included in other income for the three and six months ended June 30, 2016 were net unrealized gains of \$Nil and \$Nil, respectively related to the changes in the fair value of other assets and liabilities (2015 - losses of \$0.3 million and losses of \$0.3 million, respectively).

## Measuring the Fair Value of Other Investments Using Net Asset Valuations

The table below shows the Company's portfolio of other investments measured using net asset valuations as a practical expedient:

At June 30, 2016	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Minimum Days)	Redemption Notice Period (Maximum Days)
Private equity partnerships	\$ 190,316	\$ 238,916	See below	See below	See below
Senior secured bank loan fund	22,212	2,330	See below	See below	See below
Hedge funds	1,621	—	See below	See below	See below
Total other investments measured using net asset valuations	<u>\$ 214,149</u>	<u>\$ 241,246</u>			

*Private equity partnerships* – The Company's investments in private equity partnerships included alternative asset limited partnerships (or similar corporate structures) that invest in certain private equity asset classes, including U.S. and global leveraged buyouts, mezzanine investments, distressed securities, real estate, and oil, gas and power. The Company generally has no right to redeem its interest in any of these private equity partnerships in advance of dissolution of the applicable private equity partnership. Instead, the nature of these investments is that distributions are received by the Company in connection with the liquidation of the underlying assets of the respective private equity partnership. It is estimated that the majority of the underlying assets of the limited partnerships would liquidate over 7 to 10 years from inception of the respective limited partnership.

*Senior secured bank loan fund* – At June 30, 2016, the Company had \$22.2 million invested in a closed end fund which invests primarily in loans. The Company has no right to redeem its investment in this fund. It is estimated that the majority of the underlying assets in this closed end fund would liquidate over 4 to 5 years from inception of the fund.

*Hedge funds* – The Company invests in hedge funds that pursue multiple strategies. The Company's investments in hedge funds at June 30, 2016 were \$1.6 million of so called "side pocket" investments which are not redeemable at the option of the shareholder. The Company will retain its interest in the side pocket investments referred to above, until the underlying investments attributable to such side pockets are liquidated, realized or deemed realized at the discretion of the fund manager.

#### NOTE 5. REINSURANCE

The Company purchases reinsurance and other protection to manage its risk portfolio and 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 claim expenses, generally in excess of various retentions or on a proportional basis. In addition to loss recoveries, certain of the Company's ceded reinsurance contracts provide for recoveries of additional premiums, for reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to other reinsurance contracts. The Company remains liable to the extent that any reinsurance company fails to meet its obligations.

The following table sets forth the effect of reinsurance and retrocessional activity on premiums written and earned and on net claims and claim expenses incurred:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<u>Premiums written</u>				
Direct	\$ 57,541	\$ 34,340	\$ 100,717	\$ 65,153
Assumed	701,587	627,657	1,520,544	1,240,422
Ceded	(239,212)	(153,320)	(589,670)	(392,863)
Net premiums written	\$ 519,916	\$ 508,677	\$ 1,031,591	\$ 912,712
<u>Premiums earned</u>				
Direct	\$ 37,936	\$ 21,606	\$ 71,076	\$ 44,507
Assumed	464,540	468,372	921,181	850,975
Ceded	(151,074)	(110,150)	(287,249)	(218,894)
Net premiums earned	\$ 351,402	\$ 379,828	\$ 705,008	\$ 676,588
<u>Claims and claim expenses</u>				
Gross claims and claim expenses incurred	\$ 224,852	\$ 222,819	\$ 386,850	\$ 311,814
Claims and claim expenses recovered	(57,102)	(53,475)	(92,495)	(65,617)
Net claims and claim expenses incurred	\$ 167,750	\$ 169,344	\$ 294,355	\$ 246,197

#### NOTE 6. NONCONTROLLING INTERESTS

A summary of the Company's redeemable noncontrolling interests on its consolidated balance sheets is set forth below:

	June 30, 2016	December 31, 2015
Redeemable noncontrolling interest - DaVinciRe	\$ 953,443	\$ 930,955
Redeemable noncontrolling interest - Medici	168,960	115,009
Redeemable noncontrolling interest	\$ 1,122,403	\$ 1,045,964



A summary of the Company's redeemable noncontrolling interests on its consolidated statements of operations set forth below:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Redeemable noncontrolling interest - DaVinciRe	\$ 28,288	\$ 12,345	\$ 71,252	\$ 50,671
Redeemable noncontrolling interest - Medici	2,347	(178)	3,974	1,158
Net income attributable to redeemable noncontrolling interests	\$ 30,635	\$ 12,167	\$ 75,226	\$ 51,829

#### Redeemable Noncontrolling Interest – DaVinciRe

In October 2001, the Company formed DaVinciRe and DaVinci with other equity investors. RenaissanceRe owns a noncontrolling economic interest in DaVinciRe; however, because RenaissanceRe controls a majority of DaVinciRe's outstanding voting rights, the consolidated financial statements of DaVinciRe are included in the consolidated financial statements of the Company. The portion of DaVinciRe's earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to redeemable noncontrolling interests. The Company's noncontrolling economic ownership in DaVinciRe was 24.0% at June 30, 2016 (December 31, 2015 - 26.3%).

DaVinciRe shareholders are party to a shareholders agreement which provides DaVinciRe shareholders, excluding RenaissanceRe, with certain redemption rights that enable each shareholder to notify DaVinciRe of such shareholder's desire for DaVinciRe to repurchase up to half of such shareholder's initial aggregate number of shares held, subject to certain limitations, such as limiting the aggregate of all share repurchase requests to 25% of DaVinciRe's capital in any given year and satisfying all applicable regulatory requirements. If total shareholder requests exceed 25% of DaVinciRe's capital, the number of shares repurchased will be reduced among the requesting shareholders pro-rata, based on the amounts desired to be repurchased. Shareholders desiring to have DaVinci repurchase their shares must notify DaVinciRe before March 1 of each year. The repurchase price will be based on GAAP book value as of the end of the year in which the shareholder notice is given, and the repurchase will be effective as of January 1 of the following year. The repurchase price is generally subject to a true-up for potential development on outstanding loss reserves after settlement of all claims relating to the applicable years.

#### 2015

During January 2015, DaVinciRe redeemed a portion of its outstanding shares from certain existing DaVinciRe shareholders, including RenaissanceRe. The net redemption as a result of these transactions was \$225.0 million. In connection with the redemption, DaVinciRe retained a \$22.5 million holdback. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 26.3%, effective January 1, 2015.

#### 2016

During January 2016, DaVinciRe redeemed a portion of its outstanding shares from certain existing DaVinciRe shareholders, including RenaissanceRe, while new DaVinciRe shareholders purchased shares in DaVinciRe from RenaissanceRe. The net redemption as a result of these transactions was \$100.0 million. In connection with the redemption, DaVinciRe retained a \$10.0 million holdback. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 24.0%, effective January 1, 2016.

The Company expects its noncontrolling economic ownership in DaVinciRe to fluctuate over time.

The activity in redeemable noncontrolling interest – DaVinciRe is detailed in the table below:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Beginning balance	\$ 926,141	\$ 867,734	\$ 930,955	\$ 1,037,306
Redemption of shares from redeemable noncontrolling interest	(986)	(813)	(91,804)	(208,711)
Sale of shares to redeemable noncontrolling interests	—	—	43,040	—
Net income attributable to redeemable noncontrolling interest	28,288	12,345	71,252	50,671
Ending balance	\$ 953,443	\$ 879,266	\$ 953,443	\$ 879,266

#### Redeemable Noncontrolling Interest - RenaissanceRe Medici Fund Ltd. (“Medici”)

Medici is an exempted company incorporated under the laws of Bermuda and its objective is to seek to invest substantially all of its assets in various insurance-based investment instruments that have returns primarily tied to property catastrophe risk. RenaissanceRe owns a noncontrolling economic interest in Medici; however, because RenaissanceRe controls all of Medici’s outstanding voting rights, the financial statements of Medici are included in the consolidated financial statements of the Company. The portion of Medici’s earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to redeemable noncontrolling interests. Any shareholder may redeem all or any portion of its shares as of the last day of any calendar month, upon at least 30 calendar days’ prior irrevocable written notice to Medici. As the participating, non-voting common shares of Medici have redemption features which are outside the control of the issuer, the portion related to the redeemable noncontrolling interest in Medici is recorded in the mezzanine section of the consolidated balance sheets of the Company.

#### 2015

During 2015, third-party investors subscribed for \$36.1 million and redeemed \$20.1 million of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company’s economic ownership in Medici was 46.1%, effective December 31, 2015.

#### 2016

During the six months ended June 30, 2016, third-party investors subscribed for \$57.3 million and redeemed \$7.3 million of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company’s economic ownership in Medici was 37.4% at June 30, 2016.

The Company expects its ownership in Medici to fluctuate over time.

The activity in redeemable noncontrolling interest – Medici is detailed in the table below:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Beginning balance	\$ 155,196	\$ 100,697	\$ 115,009	\$ 94,402
Redemption of shares from redeemable noncontrolling interest	(6,400)	(2,423)	(7,340)	(17,107)
Sale of shares to redeemable noncontrolling interests	17,817	11,450	57,317	31,093
Net income (loss) attributable to redeemable noncontrolling interest	2,347	(178)	3,974	1,158
Ending balance	\$ 168,960	\$ 109,546	\$ 168,960	\$ 109,546

## NOTE 7. VARIABLE INTEREST ENTITIES

### Upsilon RFO

Effective January 1, 2013, the Company formed and launched Upsilon RFO, a managed joint venture, and a Bermuda domiciled special purpose insurer, to provide additional capacity to the worldwide aggregate and per-occurrence retrocessional property catastrophe excess of loss market.

The shareholders (other than the Class A shareholder) participate in substantially all of the profits or losses of Upsilon RFO while their shares remain outstanding. The shareholders (other than the Class A shareholder) indemnify Upsilon RFO against losses relating to insurance risk and therefore these shares have been accounted for as prospective reinsurance under FASB ASC Topic *Financial Services - Insurance*.

Upsilon RFO is considered a VIE as it has insufficient equity capital to finance its activities without additional financial support. The Company is the primary beneficiary of Upsilon RFO as it has the power over the activities that most significantly impact the economic performance of Upsilon RFO and has the obligation to absorb expected losses and the right to receive expected benefits that could be significant to Upsilon RFO, in accordance with the accounting guidance. As a result, the Company consolidates Upsilon RFO and all significant inter-company transactions have been eliminated. Other than its equity investment in Upsilon RFO, the Company has not provided financial or other support to Upsilon RFO that it was not contractually required to provide.

#### 2015

During 2015, Upsilon RFO returned capital to all of the investors who participated in risks incepting during 2014, including the Company. The total amount of capital returned was \$420.2 million, including \$132.3 million to the Company.

In conjunction with risks incepting during 2015, \$153.7 million of Upsilon RFO non-voting preference shares were issued to unaffiliated third-party investors through their investment in Upsilon Fund. Additionally, \$42.5 million of the non-voting preference shares were issued to the Company, representing a 21.7% participation in the risks assumed by Upsilon RFO incepting during 2015.

#### 2016

During the six months ended June 30, 2016, Upsilon RFO agreed to return \$242.5 million of capital to its investors, including \$59.8 million to the Company, with \$169.1 million and \$47.1 million, respectively, having been repaid to date. In addition, during the six months ended June 30, 2016, \$166.6 million of Upsilon RFO non-voting preference shares were issued to existing investors therein, including \$55.2 million to the Company. At June 30, 2016, the Company's participation in the risks assumed by Upsilon RFO was 28.9%.

At June 30, 2016, the Company's consolidated balance sheet included total assets and total liabilities of Upsilon RFO of \$188.6 million and \$188.5 million, respectively (December 31, 2015 - \$250.6 million and \$250.5 million, respectively).

### Mona Lisa Re Ltd. ("Mona Lisa Re")

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

Upon issuance of a series of notes by Mona Lisa Re, all of the proceeds from the issuance are expected to be deposited into collateral accounts, separated by series, to fund any potential obligation under the reinsurance agreements entered into with Renaissance Reinsurance and/or DaVinci underlying such series of notes. The outstanding principal amount of each series of notes generally will be returned to holders of such notes upon the expiration of the risk period underlying such notes, unless an event occurs which causes a loss under the applicable series of notes, in which case the amount returned will be reduced by such noteholder's pro rata share of such loss, as specified in the applicable governing documents of such

notes. In addition, holders of such notes are generally entitled to interest payments, payable quarterly, as determined by the applicable governing documents of each series of notes.

The Company concluded that Mona Lisa Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. Therefore, the Company evaluated its relationship with Mona Lisa Re and concluded it does not have a variable interest in Mona Lisa Re. As a result, the financial position and results of operations of Mona Lisa Re are not consolidated by the Company. At June 30, 2016, the total assets and total liabilities of Mona Lisa Re were \$153.1 million and \$153.1 million, respectively (December 31, 2015 - \$184.0 million and \$184.0 million, respectively).

The only transactions related to Mona Lisa Re that are recorded in the Company's consolidated financial statements are the ceded reinsurance agreements entered into by Renaissance Reinsurance and DaVinci which are accounted for as prospective reinsurance under FASB ASC Topic *Financial Services - Insurance*. Renaissance Reinsurance and DaVinci have together entered into ceded reinsurance contracts with Mona Lisa Re with gross premiums ceded of \$0.1 million and \$0.1 million, respectively, during the six months ended June 30, 2016 (2015 - \$0.6 million and \$0.5 million, respectively). In addition, Renaissance Reinsurance and DaVinci recognized ceded premiums earned related to the ceded reinsurance contracts with Mona Lisa Re of \$3.6 million and \$2.5 million, respectively, during the six months ended June 30, 2016 (2015 - \$3.6 million and \$2.5 million, respectively).

## **NOTE 8. SHAREHOLDERS' EQUITY**

### *Dividends*

The Board of Directors of RenaissanceRe declared a dividend of \$0.31 per common share to common shareholders of record on March 15, 2016 and June 15, 2016, respectively, and RenaissanceRe paid a dividend of \$0.31 per common share to common shareholders on March 31, 2016 and June 30, 2016, respectively. During the six months ended June 30, 2016, the Company declared and paid \$11.2 million in preference share dividends (2015 - \$11.2 million) and \$26.2 million in common share dividends (2015 - \$27.5 million).

### *Share Repurchases*

The Company's share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. On May 16, 2016, RenaissanceRe's Board of Directors approved a renewal of its authorized share repurchase program for an aggregate amount of \$500.0 million. Unless terminated earlier by RenaissanceRe's Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The Company's decision to repurchase common shares will depend on, among other matters, the market price of the common shares and the capital requirements of the Company. During the six months ended June 30, 2016, the Company repurchased an aggregate of 2.4 million shares in open market transactions at an aggregate cost of \$272.3 million, and at an average share price of \$112.50. At June 30, 2016, \$397.1 million remained available for repurchase under the share repurchase program. See "Note 14. Subsequent Events" and "Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds" for additional information related to the Company's share repurchase program.

## NOTE 9. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

(thousands of shares)	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Numerator:				
Net income available to RenaissanceRe common shareholders	\$ 136,325	\$ 73,233	\$ 264,320	\$ 241,076
Amount allocated to participating common shareholders (1)	(1,561)	(819)	(3,166)	(2,781)
Net income allocated to RenaissanceRe common shareholders	<u>\$ 134,764</u>	<u>\$ 72,414</u>	<u>\$ 261,154</u>	<u>\$ 238,295</u>
Denominator:				
Denominator for basic income per RenaissanceRe common share - weighted average common shares	41,693	45,303	42,135	42,467
Per common share equivalents of employee stock options and restricted shares	192	354	263	372
Denominator for diluted income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions	<u>41,885</u>	<u>45,657</u>	<u>42,398</u>	<u>42,839</u>
Net income available to RenaissanceRe common shareholders per common share – basic	\$ 3.23	\$ 1.60	\$ 6.20	\$ 5.61
Net income available to RenaissanceRe common shareholders per common share – diluted	\$ 3.22	\$ 1.59	\$ 6.16	\$ 5.56

(1) Represents earnings attributable to holders of unvested restricted shares issued under the Company's 2001 Stock Incentive Plan, 2010 Performance-Based Equity Incentive Plan, 2016 Long-Term Incentive Plan and to the Company's non-employee directors.

**NOTE 10. SEGMENT REPORTING**

The Company has the following reportable segments: (1) Catastrophe Reinsurance, which includes catastrophe reinsurance and certain property catastrophe joint ventures managed by the Company's ventures unit; (2) Specialty Reinsurance, which includes specialty reinsurance and certain specialty joint ventures managed by the Company's ventures unit; and (3) Lloyd's, which includes reinsurance and insurance business written through Syndicate 1458. RenaissanceRe CCL, an indirect wholly owned subsidiary of RenaissanceRe, is the sole corporate member of Syndicate 1458.

The underwriting results of Platinum are included in the Company's Catastrophe Reinsurance and Specialty Reinsurance segments from March 2, 2015.

The financial results of the Company's strategic investments, former Insurance segment and redeemable noncontrolling interests are included in the Other category of the Company's segment results. Also included in the Other category of the Company's segment results are the Company's investments in other ventures, investments unit, corporate expenses, capital servicing costs and certain expenses related to the acquisition of Platinum.

The Company does not manage its assets by segment; accordingly, net investment income and total assets are not allocated to the segments.

A summary of the significant components of the Company's revenues and expenses is as follows:

<b>Three months ended June 30, 2016</b>	<b>Catastrophe Reinsurance</b>	<b>Specialty Reinsurance</b>	<b>Lloyd's</b>	<b>Other</b>	<b>Total</b>
Gross premiums written	\$ 397,454	\$ 200,733	\$ 160,941	\$ —	\$ 759,128
Net premiums written	\$ 255,645	\$ 132,420	\$ 131,851	\$ —	\$ 519,916
Net premiums earned	\$ 141,616	\$ 137,168	\$ 72,618	\$ —	\$ 351,402
Net claims and claim expenses incurred	56,131	67,701	43,832	86	167,750
Acquisition expenses	16,227	34,127	18,651	—	69,005
Operational expenses	18,685	19,959	12,408	21	51,073
Underwriting income (loss)	\$ 50,573	\$ 15,381	\$ (2,273)	\$ (107)	63,574
Net investment income				54,124	54,124
Net foreign exchange losses				(690)	(690)
Equity in earnings of other ventures				6,022	6,022
Other income				2,654	2,654
Net realized and unrealized gains on investments				69,772	69,772
Corporate expenses				(5,752)	(5,752)
Interest expense				(10,536)	(10,536)
Income before taxes and redeemable noncontrolling interests					179,168
Income tax expense				(6,612)	(6,612)
Net income attributable to redeemable noncontrolling interests				(30,635)	(30,635)
Dividends on preference shares				(5,596)	(5,596)
Net income available to RenaissanceRe common shareholders					\$ 136,325
Net claims and claim expenses incurred – current accident year	\$ 70,321	\$ 85,117	\$ 41,567	\$ —	\$ 197,005
Net claims and claim expenses incurred – prior accident years	(14,190)	(17,416)	2,265	86	(29,255)
Net claims and claim expenses incurred – total	\$ 56,131	\$ 67,701	\$ 43,832	\$ 86	\$ 167,750
Net claims and claim expense ratio – current accident year	49.7 %	62.1 %	57.2%		56.1 %
Net claims and claim expense ratio – prior accident years	(10.1)%	(12.7)%	3.2%		(8.4)%
Net claims and claim expense ratio – calendar year	39.6 %	49.4 %	60.4%		47.7 %
Underwriting expense ratio	24.7 %	39.4 %	42.7%		34.2 %
Combined ratio	64.3 %	88.8 %	103.1%		81.9 %

<b>Six months ended June 30, 2016</b>	<b>Catastrophe Reinsurance</b>	<b>Specialty Reinsurance</b>	<b>Lloyd's</b>	<b>Other</b>	<b>Total</b>
Gross premiums written	\$ 757,877	\$ 569,722	\$ 293,662	\$ —	\$ 1,621,261
Net premiums written	\$ 444,430	\$ 392,511	\$ 194,650	\$ —	\$ 1,031,591
Net premiums earned	\$ 278,601	\$ 292,486	\$ 133,921	\$ —	\$ 705,008
Net claims and claim expenses incurred	63,951	159,553	70,848	3	294,355
Acquisition expenses	25,807	75,852	32,938	—	134,597
Operational expenses	38,953	41,732	26,542	81	107,308
Underwriting income (loss)	\$ 149,890	\$ 15,349	\$ 3,593	\$ (84)	168,748
Net investment income				82,987	82,987
Net foreign exchange losses				(2,382)	(2,382)
Equity in earnings of other ventures				7,633	7,633
Other income				6,733	6,733
Net realized and unrealized gains on investments				131,425	131,425
Corporate expenses				(13,977)	(13,977)
Interest expense				(21,074)	(21,074)
Income before taxes and redeemable noncontrolling interests					360,093
Income tax expense				(9,356)	(9,356)
Net income attributable to redeemable noncontrolling interests				(75,226)	(75,226)
Dividends on preference shares				(11,191)	(11,191)
Net income available to RenaissanceRe common shareholders					\$ 264,320
Net claims and claim expenses incurred – current accident year	\$ 84,204	\$ 173,495	\$ 67,515	\$ —	\$ 325,214
Net claims and claim expenses incurred – prior accident years	(20,253)	(13,942)	3,333	3	(30,859)
Net claims and claim expenses incurred – total	\$ 63,951	\$ 159,553	\$ 70,848	\$ 3	\$ 294,355
Net claims and claim expense ratio – current accident year	30.2 %	59.3 %	50.4%		46.1 %
Net claims and claim expense ratio – prior accident years	(7.2)%	(4.7)%	2.5%		(4.3)%
Net claims and claim expense ratio – calendar year	23.0 %	54.6 %	52.9%		41.8 %
Underwriting expense ratio	23.2 %	40.2 %	44.4%		34.3 %
Combined ratio	46.2 %	94.8 %	97.3%		76.1 %



<b>Three months ended June 30, 2015</b>	<b>Catastrophe Reinsurance</b>	<b>Specialty Reinsurance</b>	<b>Lloyd's</b>	<b>Other</b>	<b>Total</b>
Gross premiums written	\$ 385,366	\$ 160,013	\$ 116,618	\$ —	\$ 661,997
Net premiums written	\$ 270,490	\$ 139,867	\$ 98,320	\$ —	\$ 508,677
Net premiums earned	\$ 162,705	\$ 155,584	\$ 61,539	\$ —	\$ 379,828
Net claims and claim expenses incurred	55,376	86,062	27,683	223	169,344
Acquisition expenses	19,314	28,251	14,210	(109)	61,666
Operational expenses	22,090	18,747	13,719	117	54,673
Underwriting income (loss)	\$ 65,925	\$ 22,524	\$ 5,927	\$ (231)	94,145
Net investment income				38,604	38,604
Net foreign exchange losses				(1,740)	(1,740)
Equity in earnings of other ventures				6,160	6,160
Other income				1,427	1,427
Net realized and unrealized losses on investments				(26,712)	(26,712)
Corporate expenses				(12,868)	(12,868)
Interest expense				(9,862)	(9,862)
Income before taxes and noncontrolling interests					89,154
Income tax benefit				1,842	1,842
Net income attributable to noncontrolling interests				(12,167)	(12,167)
Dividends on preference shares				(5,596)	(5,596)
Net income available to RenaissanceRe common shareholders					\$ 73,233
Net claims and claim expenses incurred – current accident year	\$ 67,334	\$ 104,315	\$ 30,771	\$ —	\$ 202,420
Net claims and claim expenses incurred – prior accident years	(11,958)	(18,253)	(3,088)	223	(33,076)
Net claims and claim expenses incurred – total	\$ 55,376	\$ 86,062	\$ 27,683	\$ 223	\$ 169,344
Net claims and claim expense ratio – current accident year	41.4 %	67.0 %	50.0 %		53.3 %
Net claims and claim expense ratio – prior accident years	(7.4)%	(11.7)%	(5.0)%		(8.7)%
Net claims and claim expense ratio – calendar year	34.0 %	55.3 %	45.0 %		44.6 %
Underwriting expense ratio	25.5 %	30.2 %	45.4 %		30.6 %
Combined ratio	59.5 %	85.5 %	90.4 %		75.2 %

<b>Six months ended June 30, 2015</b>	<b>Catastrophe Reinsurance</b>	<b>Specialty Reinsurance</b>	<b>Lloyd's</b>	<b>Other</b>	<b>Total</b>
Gross premiums written (1)	\$ 774,613	\$ 284,304	\$ 246,748	\$ (90)	\$ 1,305,575
Net premiums written	\$ 493,130	\$ 243,782	\$ 175,889	\$ (89)	\$ 912,712
Net premiums earned	\$ 306,472	\$ 250,460	\$ 119,745	\$ (89)	\$ 676,588
Net claims and claim expenses incurred	62,970	125,650	57,526	51	246,197
Acquisition expenses	26,968	48,940	28,903	256	105,067
Operational expenses	42,453	32,037	25,659	145	100,294
Underwriting income (loss)	\$ 174,081	\$ 43,833	\$ 7,657	\$ (541)	225,030
Net investment income				78,311	78,311
Net foreign exchange losses				(4,870)	(4,870)
Equity in earnings of other ventures				11,455	11,455
Other income				2,966	2,966
Net realized and unrealized gains on investments				15,037	15,037
Corporate expenses				(58,401)	(58,401)
Interest expense				(15,178)	(15,178)
Income before taxes and noncontrolling interests					254,350
Income tax benefit				49,746	49,746
Net income attributable to noncontrolling interests				(51,829)	(51,829)
Dividends on preference shares				(11,191)	(11,191)
Net income available to RenaissanceRe common shareholders					\$ 241,076
Net claims and claim expenses incurred – current accident year	\$ 91,458	\$ 153,579	\$ 56,381	\$ —	\$ 301,418
Net claims and claim expenses incurred – prior accident years	(28,488)	(27,929)	1,145	51	(55,221)
Net claims and claim expenses incurred – total	\$ 62,970	\$ 125,650	\$ 57,526	\$ 51	\$ 246,197
Net claims and claim expense ratio – current accident year	29.8 %	61.3 %	47.1%		44.5 %
Net claims and claim expense ratio – prior accident years	(9.3)%	(11.1)%	0.9%		(8.1)%
Net claims and claim expense ratio – calendar year	20.5 %	50.2 %	48.0%		36.4 %
Underwriting expense ratio	22.7 %	32.3 %	45.6%		30.3 %
Combined ratio	43.2 %	82.5 %	93.6%		66.7 %

(1) Included in gross premiums written in the Other category is the elimination of inter-segment gross premiums written of \$0.1 million for the six months ended June 30, 2015.

#### NOTE 11. DERIVATIVE INSTRUMENTS

The Company enters into derivative instruments such as futures, options, swaps, forward contracts and other derivative contracts primarily to manage its foreign currency exposure, obtain exposure to a particular financial market, for yield enhancement, or for trading and speculation. The Company's derivative instruments are generally traded under International Swaps and Derivatives Association master agreements, which establish the terms of the transactions entered into with the Company's derivative counterparties. In the event one party becomes insolvent or otherwise defaults on its obligations, a master agreement generally permits the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' marked-to-market values so that a single sum in a single currency will be owed by, or owed to, the non-defaulting party. Effectively, this contractual close-out netting reduces credit exposure from gross to net exposure. Where the Company has entered into master netting agreements with counterparties, or the Company has the legal and contractual right to offset positions, the

derivative positions are generally netted by counterparty and are reported accordingly in other assets and other liabilities.

The tables below show the gross and net amounts of recognized derivative assets and liabilities, including the location on the consolidated balance sheets and fair value of the Company's principal derivative instruments:

	Derivative Assets					
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
<b>At June 30, 2016</b>						
Interest rate futures	\$ 1,514	262	\$ 1,252	Other assets	\$ —	\$ 1,252
Foreign currency forward contracts (1)	5,236	73	5,163	Other assets	—	5,163
Foreign currency forward contracts (2)	127	87	40	Other assets	—	40
Credit default swaps	726	99	627	Other assets	447	180
<b>Total</b>	<b>\$ 7,603</b>	<b>\$ 521</b>	<b>\$ 7,082</b>		<b>\$ 447</b>	<b>\$ 6,635</b>
	Derivative Liabilities					
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
<b>At June 30, 2016</b>						
Interest rate futures	\$ 430	262	\$ 168	Other liabilities	\$ 151	\$ 17
Foreign currency forward contracts (1)	4,968	1,665	3,303	Other liabilities	—	3,303
Foreign currency forward contracts (2)	1,060	87	973	Other liabilities	—	973
Credit default swaps	369	99	270	Other liabilities	245	25
<b>Total</b>	<b>\$ 6,827</b>	<b>\$ 2,113</b>	<b>\$ 4,714</b>		<b>\$ 396</b>	<b>\$ 4,318</b>

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(2) Contracts used to manage foreign currency risks in investment operations.

Derivative Assets						
At December 31, 2015	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	\$ 1,059	937	\$ 122	Other assets	\$ —	\$ 122
Foreign currency forward contracts (1)	4,645	82	4,563	Other assets	—	4,563
Foreign currency forward contracts (2)	1,007	599	408	Other assets	—	408
Credit default swaps	257	44	213	Other assets	—	213
<b>Total</b>	<b>\$ 6,968</b>	<b>\$ 1,662</b>	<b>\$ 5,306</b>		<b>\$ —</b>	<b>\$ 5,306</b>
Derivative Liabilities						
At December 31, 2015	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
Interest rate futures	\$ 2,293	937	\$ 1,356	Other liabilities	\$ 1,356	\$ —
Foreign currency forward contracts (1)	1,891	81	1,810	Other liabilities	—	1,810
Foreign currency forward contracts (2)	806	599	207	Other liabilities	—	207
Credit default swaps	491	44	447	Other liabilities	447	—
<b>Total</b>	<b>\$ 5,481</b>	<b>\$ 1,661</b>	<b>\$ 3,820</b>		<b>\$ 1,803</b>	<b>\$ 2,017</b>

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(2) Contracts used to manage foreign currency risks in investment operations.

Refer to "Note 3. Investments" for information on reverse repurchase agreements.

The location and amount of the gain (loss) recognized in the Company's consolidated statements of operations related to its principal derivative instruments are shown in the following table:

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	
		2016	2015
<b>Three months ended June 30.</b>			
Interest rate futures	Net realized and unrealized gains (losses) on investments	\$ (9,456)	\$ 19,784
Foreign currency forward contracts (1)	Net foreign exchange losses	(3,815)	(10,210)
Foreign currency forward contracts (2)	Net foreign exchange losses	2,641	(3,417)
Credit default swaps	Net realized and unrealized gains (losses) on investments	305	22
Weather contract	Net realized and unrealized gains (losses) on investments	—	10
Total		\$ (10,325)	\$ 6,189

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	
		2016	2015
<b>Six months ended June 30.</b>			
Interest rate futures	Net realized and unrealized gains (losses) on investments	\$ (28,815)	\$ 15,376
Foreign currency forward contracts (1)	Net foreign exchange losses	(5,189)	(6,599)
Foreign currency forward contracts (2)	Net foreign exchange losses	(3,217)	5,793
Credit default swaps	Net realized and unrealized gains (losses) on investments	215	62
Weather contract	Net realized and unrealized gains (losses) on investments	—	170
Total		\$ (37,006)	\$ 14,802

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.

(2) Contracts used to manage foreign currency risks in investment operations.

The Company is not aware of the existence of any credit-risk related contingent features that it believes would be triggered in its derivative instruments that are in a net liability position at June 30, 2016.

#### Interest Rate Futures

The Company uses interest rate futures within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which can include increasing or decreasing its exposure to this risk. At June 30, 2016, the Company had \$953.6 million of notional long positions and \$911.5 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (December 31, 2015 - \$1.0 billion and \$1.1 billion, respectively). The fair value of these derivatives is determined using exchange traded prices.

#### Foreign Currency Derivatives

The Company's functional currency is the U.S. dollar. The Company writes a portion of its business in currencies other than U.S. dollars and may, from time to time, experience foreign exchange gains and losses in the Company's consolidated financial statements. All changes in exchange rates, with the exception of non-monetary assets and liabilities, are recognized currently in the Company's consolidated statements of operations.

#### *Underwriting Operations Related Foreign Currency Contracts*

The Company's foreign currency policy with regard to its underwriting operations is generally to hold foreign currency assets, including cash, investments and receivables that approximate the foreign currency liabilities, including claims and claim expense reserves and reinsurance balances payable. When necessary, the Company may use foreign currency forward and option contracts to minimize the effect of fluctuating foreign currencies on the value of non-U.S. dollar denominated assets and liabilities associated with its underwriting operations. The fair value of the Company's underwriting operations related foreign currency contracts is determined using indicative pricing obtained from counterparties or broker quotes. At June 30, 2016, the Company had outstanding underwriting related foreign currency contracts of \$168.7 million in notional long positions and \$135.5 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - \$172.4 million and \$101.5 million, respectively).

#### *Investment Portfolio Related Foreign Currency Forward Contracts*

The Company's investment operations are exposed to currency fluctuations through its investments in non-U.S. dollar fixed maturity investments, short term investments and other investments. From time to time, the Company may employ foreign currency forward contracts in its investment portfolio to either assume foreign currency risk or to economically hedge its exposure to currency fluctuations from these investments. The fair value of the Company's investment portfolio related foreign currency forward contracts is determined using an interpolated rate based on closing forward market rates. At June 30, 2016, the Company had outstanding investment portfolio related foreign currency contracts of \$13.6 million in notional long positions and \$112.2 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - \$31.3 million and \$143.4 million, respectively).

#### **Credit Derivatives**

The Company's exposure to credit risk is primarily due to its fixed maturity investments, short term investments, premiums receivable and reinsurance recoverable. From time to time, the Company purchases credit derivatives to hedge its exposures in the insurance industry, and to assist in managing the credit risk associated with ceded reinsurance. The Company also employs credit derivatives in its investment portfolio to either assume credit risk or hedge its credit exposure. The fair value of the credit derivatives is determined using industry valuation models, broker bid indications or internal pricing valuation techniques. The fair value of these credit derivatives can change based on a variety of factors including changes in credit spreads, default rates and recovery rates, the correlation of credit risk between the referenced credit and the counterparty, and market rate inputs such as interest rates. At June 30, 2016, the Company had outstanding credit derivatives of \$Nil in notional long positions and \$28.4 million in notional short positions, denominated in U.S. dollars (December 31, 2015 - \$Nil and \$46.1 million, respectively).

#### **NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS**

There are no material changes from the commitments and contingencies previously disclosed in the Company's Form 10-K for the year ended December 31, 2015.

#### **Legal Proceedings**

The Company and its subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct surplus lines insurance policies. This category of business litigation may involve allegations of underwriting or claims-handling errors or misconduct, employment claims, regulatory actions or disputes arising from the Company's business ventures. The Company's operating subsidiaries are subject to claims litigation involving, among other things, disputed interpretations of policy coverages. Generally, the Company's direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than its reinsurance operations and, in some jurisdictions, may be subject to direct actions by allegedly injured persons or entities seeking damages from policyholders. These lawsuits, involving claims on policies issued by the Company's subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in its loss and loss expense reserves. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company's ability to enforce

its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate accordingly. Currently, the Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its financial condition, business or operations.

### NOTE 13. CONDENSED CONSOLIDATING FINANCIAL INFORMATION PROVIDED IN CONNECTION WITH OUTSTANDING DEBT OF SUBSIDIARIES

The following tables present condensed consolidating balance sheets at June 30, 2016 and December 31, 2015, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three and six months ended June 30, 2016 and 2015, and condensed consolidating statements of cash flow for the six months ended June 30, 2016 and 2015. Each of RenRe North America Holdings Inc., Platinum Underwriters Finance, Inc. and RenaissanceRe Finance is a 100% owned subsidiary of RenaissanceRe. For additional information related to the terms of the Company's outstanding debt securities, see "Note 10. Debt and Credit Facilities in the Notes to Consolidated Financial Statements" in the Company's Form 10-K for the year ended December 31, 2015.

Condensed Consolidating Balance Sheet at June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Assets</b>							
Total investments	\$ 172,593	\$ 123,921	\$ 280,615	\$ —	\$ 8,433,088	\$ —	\$ 9,010,217
Cash and cash equivalents	2,382	35	1,893	614	450,597	—	455,521
Investments in subsidiaries	4,022,891	46,835	902,329	1,226,829	—	(6,198,884)	—
Due from subsidiaries and affiliates	104,582	84,027	—	—	—	(188,609)	—
Premiums receivable	—	—	—	—	1,332,667	—	1,332,667
Prepaid reinsurance premiums	—	—	—	—	533,092	—	533,092
Reinsurance recoverable	—	—	—	—	222,006	—	222,006
Accrued investment income	323	308	434	—	36,835	—	37,900
Deferred acquisition costs	—	—	—	—	331,152	—	331,152
Receivable for investments sold	32	1	14	—	203,118	—	203,165
Other assets	402,158	27,115	11,684	121,277	107,850	(509,211)	160,873
Goodwill and other intangible assets	133,736	—	—	—	124,434	—	258,170
<b>Total assets</b>	<b>\$ 4,838,697</b>	<b>\$ 282,242</b>	<b>\$ 1,196,969</b>	<b>\$ 1,348,720</b>	<b>\$ 11,774,839</b>	<b>\$ (6,896,704)</b>	<b>\$ 12,544,763</b>
<b>Liabilities, Noncontrolling Interests and Shareholders' Equity</b>							
<b>Liabilities</b>							
Reserve for claims and claim expenses	\$ —	\$ —	\$ —	\$ —	\$ 2,844,243	\$ —	\$ 2,844,243
Unearned premiums	—	—	—	—	1,518,106	—	1,518,106
Debt	117,000	—	261,774	545,537	147,266	(117,000)	954,577
Amounts due to subsidiaries and affiliates	138	94	112	92,338	—	(92,682)	—
Reinsurance balances payable	—	—	—	—	753,699	—	753,699
Payable for investments purchased	—	57	85	—	432,784	—	432,926
Other liabilities	18,342	(359)	9,689	—	198,942	(11,022)	215,592
<b>Total liabilities</b>	<b>135,480</b>	<b>(208)</b>	<b>271,660</b>	<b>637,875</b>	<b>5,895,040</b>	<b>(220,704)</b>	<b>6,719,143</b>
Redeemable noncontrolling interests	—	—	—	—	1,122,403	—	1,122,403
<b>Shareholders' Equity</b>							
<b>Total shareholders' equity</b>	<b>4,703,217</b>	<b>282,450</b>	<b>925,309</b>	<b>710,845</b>	<b>4,757,396</b>	<b>(6,676,000)</b>	<b>4,703,217</b>
<b>Total liabilities, noncontrolling interests and shareholders' equity</b>	<b>\$ 4,838,697</b>	<b>\$ 282,242</b>	<b>\$ 1,196,969</b>	<b>\$ 1,348,720</b>	<b>\$ 11,774,839</b>	<b>\$ (6,896,704)</b>	<b>\$ 12,544,763</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Balance Sheet at December 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Assets</b>							
Total investments	\$ 349,892	\$ 127,087	\$ 205,777	\$ —	\$ 8,316,312	\$ —	\$ 8,999,068
Cash and cash equivalents	10,185	5,908	7,103	677	483,012	—	506,885
Investments in subsidiaries	3,902,519	48,754	867,909	1,185,736	—	(6,004,918)	—
Due from subsidiaries and affiliates	81,282	69,739	—	—	—	(151,021)	—
Premiums receivable	—	—	—	—	778,009	—	778,009
Prepaid reinsurance premiums	—	—	—	—	230,671	—	230,671
Reinsurance recoverable	—	—	—	—	134,526	—	134,526
Accrued investment income	1,253	169	348	—	37,979	—	39,749
Deferred acquisition costs	—	—	—	—	199,380	—	199,380
Receivable for investments sold	26	1	68,537	—	152,270	—	220,834
Other assets	390,302	29,532	12,852	115,456	124,215	(491,346)	181,011
Goodwill and other intangible assets	137,064	—	—	—	128,090	—	265,154
<b>Total assets</b>	<b>\$ 4,872,523</b>	<b>\$ 281,190</b>	<b>\$ 1,162,526</b>	<b>\$ 1,301,869</b>	<b>\$ 10,584,464</b>	<b>\$ (6,647,285)</b>	<b>\$ 11,555,287</b>
<b>Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity</b>							
<b>Liabilities</b>							
Reserve for claims and claim expenses	\$ —	\$ —	\$ —	\$ —	\$ 2,767,045	\$ —	\$ 2,767,045
Unearned premiums	—	—	—	—	889,102	—	889,102
Debt	117,000	—	268,196	545,187	147,112	(117,000)	960,495
Amounts due to subsidiaries and affiliates	2,641	202	204	68,204	—	(71,251)	—
Reinsurance balances payable	—	—	—	—	523,974	—	523,974
Payable for investments purchased	999	6	25	—	390,348	—	391,378
Other liabilities	19,699	1,148	6,620	—	222,320	(4,642)	245,145
<b>Total liabilities</b>	<b>140,339</b>	<b>1,356</b>	<b>275,045</b>	<b>613,391</b>	<b>4,939,901</b>	<b>(192,893)</b>	<b>5,777,139</b>
Redeemable noncontrolling interests	—	—	—	—	1,045,964	—	1,045,964
<b>Shareholders' Equity</b>							
<b>Total shareholders' equity</b>	<b>4,732,184</b>	<b>279,834</b>	<b>887,481</b>	<b>688,478</b>	<b>4,598,599</b>	<b>(6,454,392)</b>	<b>4,732,184</b>
<b>Total liabilities, redeemable noncontrolling interest and shareholders' equity</b>	<b>\$ 4,872,523</b>	<b>\$ 281,190</b>	<b>\$ 1,162,526</b>	<b>\$ 1,301,869</b>	<b>\$ 10,584,464</b>	<b>\$ (6,647,285)</b>	<b>\$ 11,555,287</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.



Condensed Consolidating Statement of Operations for the three months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Revenues</b>							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 351,402	\$ —	\$ 351,402
Net investment income	5,749	445	846	141	52,826	(5,883)	54,124
Net foreign exchange losses	(1)	—	—	—	(689)	—	(690)
Equity in earnings of other ventures	—	—	—	—	6,022	—	6,022
Other (loss) income	(791)	—	—	—	3,445	—	2,654
Net realized and unrealized gains on investments	799	1,139	3,414	—	64,420	—	69,772
<b>Total revenues</b>	<b>5,756</b>	<b>1,584</b>	<b>4,260</b>	<b>141</b>	<b>477,426</b>	<b>(5,883)</b>	<b>483,284</b>
<b>Expenses</b>							
Net claims and claim expenses incurred	—	—	—	—	167,750	—	167,750
Acquisition expenses	—	—	—	—	69,005	—	69,005
Operational expenses	(1,104)	44	64	4,573	50,352	(2,856)	51,073
Corporate expenses	5,181	203	—	7	361	—	5,752
Interest expense	141	—	1,477	6,544	2,515	(141)	10,536
<b>Total expenses</b>	<b>4,218</b>	<b>247</b>	<b>1,541</b>	<b>11,124</b>	<b>289,983</b>	<b>(2,997)</b>	<b>304,116</b>
Income (loss) before equity in net income of subsidiaries and taxes	1,538	1,337	2,719	(10,983)	187,443	(2,886)	179,168
Equity in net income of subsidiaries	141,677	1,666	12,086	17,165	—	(172,594)	—
Income before taxes	143,215	3,003	14,805	6,182	187,443	(175,480)	179,168
Income tax (expense) benefit	(1,294)	(906)	(838)	2,792	(6,366)	—	(6,612)
<b>Net income</b>	<b>141,921</b>	<b>2,097</b>	<b>13,967</b>	<b>8,974</b>	<b>181,077</b>	<b>(175,480)</b>	<b>172,556</b>
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(30,635)	—	(30,635)
<b>Net income attributable to RenaissanceRe</b>	<b>141,921</b>	<b>2,097</b>	<b>13,967</b>	<b>8,974</b>	<b>150,442</b>	<b>(175,480)</b>	<b>141,921</b>
Dividends on preference shares	(5,596)	—	—	—	—	—	(5,596)
<b>Net income attributable to RenaissanceRe common shareholders</b>	<b>\$ 136,325</b>	<b>\$ 2,097</b>	<b>\$ 13,967</b>	<b>\$ 8,974</b>	<b>\$ 150,442</b>	<b>\$ (175,480)</b>	<b>\$ 136,325</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Comprehensive income (loss)</b>							
Net income	\$ 141,921	\$ 2,097	\$ 13,967	\$ 8,974	\$ 181,077	\$ (175,480)	\$ 172,556
Change in net unrealized gains on investments	—	—	—	—	672	—	672
Comprehensive income	141,921	2,097	13,967	8,974	181,749	(175,480)	173,228
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(30,635)	—	(30,635)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(30,635)	—	(30,635)
Comprehensive income attributable to RenaissanceRe	\$ 141,921	\$ 2,097	\$ 13,967	\$ 8,974	\$ 151,114	\$ (175,480)	\$ 142,593

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the six months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Revenues</b>							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 705,008	\$ —	\$ 705,008
Net investment income	12,607	954	2,279	281	78,632	(11,766)	82,987
Net foreign exchange losses	(2)	—	—	—	(2,380)	—	(2,382)
Equity in earnings of other ventures	—	—	—	—	7,633	—	7,633
Other (loss) income	(791)	—	—	—	7,524	—	6,733
Net realized and unrealized gains on investments	5,287	2,254	5,378	—	118,506	—	131,425
<b>Total revenues</b>	<b>17,101</b>	<b>3,208</b>	<b>7,657</b>	<b>281</b>	<b>914,923</b>	<b>(11,766)</b>	<b>931,404</b>
<b>Expenses</b>							
Net claims and claim expenses incurred	—	—	—	—	294,355	—	294,355
Acquisition expenses	—	—	—	—	134,597	—	134,597
Operational expenses	(1,805)	(97)	116	11,582	105,448	(7,936)	107,308
Corporate expenses	10,794	203	—	7	2,973	—	13,977
Interest expense	281	—	2,953	13,087	5,034	(281)	21,074
<b>Total expenses</b>	<b>9,270</b>	<b>106</b>	<b>3,069</b>	<b>24,676</b>	<b>542,407</b>	<b>(8,217)</b>	<b>571,311</b>
Income (loss) before equity in net income of subsidiaries and taxes	7,831	3,102	4,588	(24,395)	372,516	(3,549)	360,093
Equity in net income (loss) of subsidiaries	265,215	1,533	34,421	41,644	—	(342,813)	—
Income before taxes	273,046	4,635	39,009	17,249	372,516	(346,362)	360,093
Income tax benefit (expense)	2,465	(1,467)	(1,182)	5,671	(14,843)	—	(9,356)
<b>Net income</b>	<b>275,511</b>	<b>3,168</b>	<b>37,827</b>	<b>22,920</b>	<b>357,673</b>	<b>(346,362)</b>	<b>350,737</b>
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(75,226)	—	(75,226)
<b>Net income attributable to RenaissanceRe</b>	<b>275,511</b>	<b>3,168</b>	<b>37,827</b>	<b>22,920</b>	<b>282,447</b>	<b>(346,362)</b>	<b>275,511</b>
Dividends on preference shares	(11,191)	—	—	—	—	—	(11,191)
<b>Net income attributable to RenaissanceRe common shareholders</b>	<b>\$ 264,320</b>	<b>\$ 3,168</b>	<b>\$ 37,827</b>	<b>\$ 22,920</b>	<b>\$ 282,447</b>	<b>\$ (346,362)</b>	<b>\$ 264,320</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income for the six months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Comprehensive income</b>							
Net income	\$ 275,511	\$ 3,168	\$ 37,827	\$ 22,920	\$ 357,673	\$ (346,362)	\$ 350,737
Change in net unrealized gains on investments	—	—	—	—	229	—	229
<b>Comprehensive income</b>	<b>275,511</b>	<b>3,168</b>	<b>37,827</b>	<b>22,920</b>	<b>357,902</b>	<b>(346,362)</b>	<b>350,966</b>
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(75,226)	—	(75,226)
<b>Comprehensive income attributable to noncontrolling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(75,226)</b>	<b>—</b>	<b>(75,226)</b>
<b>Comprehensive income attributable to RenaissanceRe</b>	<b>\$ 275,511</b>	<b>\$ 3,168</b>	<b>\$ 37,827</b>	<b>\$ 22,920</b>	<b>\$ 282,676</b>	<b>\$ (346,362)</b>	<b>\$ 275,740</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the three months ended June, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Revenues</b>							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 379,828	\$ —	\$ 379,828
Net investment income	98	300	1,221	468	37,342	(825)	38,604
Net foreign exchange gains (losses)	12	—	—	—	(1,752)	—	(1,740)
Equity in earnings of other ventures	—	—	—	—	6,160	—	6,160
Other income	497	—	—	—	1,428	(498)	1,427
Net realized and unrealized (losses) gains on investments	(535)	609	(1,389)	—	(25,397)	—	(26,712)
<b>Total revenues</b>	<b>72</b>	<b>909</b>	<b>(168)</b>	<b>468</b>	<b>397,609</b>	<b>(1,323)</b>	<b>397,567</b>
<b>Expenses</b>							
Net claims and claim expenses incurred	—	—	—	—	169,344	—	169,344
Acquisition expenses	—	—	—	—	61,666	—	61,666
Operational expenses	(368)	1,588	—	—	53,460	(7)	54,673
Corporate expenses	7,351	212	—	84	5,221	—	12,868
Interest expense	468	3,557	1,477	2,784	2,044	(468)	9,862
<b>Total expenses</b>	<b>7,451</b>	<b>5,357</b>	<b>1,477</b>	<b>2,868</b>	<b>291,735</b>	<b>(475)</b>	<b>308,413</b>
(Loss) income before equity in net income of subsidiaries and taxes	(7,379)	(4,448)	(1,645)	(2,400)	105,874	(848)	89,154
Equity in net income of subsidiaries	84,472	2,132	8,716	4,613	—	(99,933)	—
Income (loss) before taxes	77,093	(2,316)	7,071	2,213	105,874	(100,781)	89,154
Income tax benefit (expense)	1,736	1,743	(1,451)	888	(1,074)	—	1,842
<b>Net income (loss)</b>	<b>78,829</b>	<b>(573)</b>	<b>5,620</b>	<b>3,101</b>	<b>104,800</b>	<b>(100,781)</b>	<b>90,996</b>
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(12,167)	—	(12,167)
<b>Net income (loss) attributable to RenaissanceRe</b>	<b>78,829</b>	<b>(573)</b>	<b>5,620</b>	<b>3,101</b>	<b>92,633</b>	<b>(100,781)</b>	<b>78,829</b>
Dividends on preference shares	(5,596)	—	—	—	—	—	(5,596)
<b>Net income (loss) available (attributable) to RenaissanceRe common shareholders</b>	<b>\$ 73,233</b>	<b>\$ (573)</b>	<b>\$ 5,620</b>	<b>\$ 3,101</b>	<b>\$ 92,633</b>	<b>\$ (100,781)</b>	<b>\$ 73,233</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income (Loss) for the three months ended June 30, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Comprehensive income (loss)</b>							
Net income (loss)	\$ 78,829	\$ (573)	\$ 5,620	\$ 3,101	\$ 104,800	\$ (100,781)	\$ 90,996
Change in net unrealized gains on investments	—	—	—	—	(349)	—	(349)
Comprehensive income (loss)	78,829	(573)	5,620	3,101	104,451	(100,781)	90,647
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(12,167)	—	(12,167)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(12,167)	—	(12,167)
Comprehensive income (loss) attributable to RenaissanceRe	<b>\$ 78,829</b>	<b>\$ (573)</b>	<b>\$ 5,620</b>	<b>\$ 3,101</b>	<b>\$ 92,284</b>	<b>\$ (100,781)</b>	<b>\$ 78,480</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the six months ended June 30, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Revenues</b>							
Net premiums earned	\$ —	\$ —	\$ —	\$ —	\$ 676,588	\$ —	\$ 676,588
Net investment income	2,722	631	1,181	504	75,072	(1,799)	78,311
Net foreign exchange losses	2	—	—	—	(4,872)	—	(4,870)
Equity in earnings of other ventures	—	—	—	—	11,455	—	11,455
Other income	663	—	—	—	2,966	(663)	2,966
Net realized and unrealized (losses) gains on investments	(496)	1,015	(1,388)	—	15,906	—	15,037
<b>Total revenues</b>	<b>2,891</b>	<b>1,646</b>	<b>(207)</b>	<b>504</b>	<b>777,115</b>	<b>(2,462)</b>	<b>779,487</b>
<b>Expenses</b>							
Net claims and claim expenses incurred	—	—	—	—	246,197	—	246,197
Acquisition expenses	—	—	—	—	105,067	—	105,067
Operational expenses	3,441	3,478	1	—	93,380	(6)	100,294
Corporate expenses	31,837	251	—	84	26,229	—	58,401
Interest expense	763	7,233	1,969	3,006	2,711	(504)	15,178
<b>Total expenses</b>	<b>36,041</b>	<b>10,962</b>	<b>1,970</b>	<b>3,090</b>	<b>473,584</b>	<b>(510)</b>	<b>525,137</b>
(Loss) income before equity in net income of subsidiaries and taxes	(33,150)	(9,316)	(2,177)	(2,586)	303,531	(1,952)	254,350
Equity in net income of subsidiaries	285,417	5,548	10,126	48,515	—	(349,606)	—
Income (loss) before taxes	252,267	(3,768)	7,949	45,929	303,531	(351,558)	254,350
Income tax benefit (expense)	—	32,748	(2,146)	953	18,191	—	49,746
<b>Net income</b>	<b>252,267</b>	<b>28,980</b>	<b>5,803</b>	<b>46,882</b>	<b>321,722</b>	<b>(351,558)</b>	<b>304,096</b>
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(51,829)	—	(51,829)
<b>Net income (loss) attributable to RenaissanceRe</b>	<b>252,267</b>	<b>28,980</b>	<b>5,803</b>	<b>46,882</b>	<b>269,893</b>	<b>(351,558)</b>	<b>252,267</b>
Dividends on preference shares	(11,191)	—	—	—	—	—	(11,191)
<b>Net income available to RenaissanceRe common shareholders</b>	<b>\$ 241,076</b>	<b>\$ 28,980</b>	<b>\$ 5,803</b>	<b>\$ 46,882</b>	<b>\$ 269,893</b>	<b>\$ (351,558)</b>	<b>\$ 241,076</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income for the six months ended June 30, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
<b>Comprehensive income</b>							
Net income	\$ 252,267	\$ 28,980	\$ 5,803	\$ 46,882	\$ 321,722	\$ (351,558)	\$ 304,096
Change in net unrealized gains on investments	—	—	—	—	(423)	—	(423)
Comprehensive income	252,267	28,980	5,803	46,882	321,299	(351,558)	303,673
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(51,829)	—	(51,829)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(51,829)	—	(51,829)
Comprehensive income attributable to RenaissanceRe	<b>\$ 252,267</b>	<b>\$ 28,980</b>	<b>\$ 5,803</b>	<b>\$ 46,882</b>	<b>\$ 269,470</b>	<b>\$ (351,558)</b>	<b>\$ 251,844</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Cash Flows for the six months ended June 30, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries (1))	RenaissanceRe Consolidated
<b>Cash flows (used in) provided by operating activities</b>						
<b>Net cash (used in) provided by operating activities</b>	\$ (11,131)	\$ 297	\$ (3,914)	\$ (24,197)	\$ 156,117	\$ 117,172
<b>Cash flows provided by (used in) investing activities</b>						
Proceeds from sales and maturities of fixed maturity investments trading	210,933	50,890	67,839	—	4,450,744	4,780,406
Purchases of fixed maturity investments trading	(324,462)	(105,772)	(203,883)	—	(4,350,703)	(4,984,820)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	5,216	5,216
Net (purchases) sales of equity investments trading	—	(2,195)	193,207	—	(9,378)	181,634
Net sales (purchases) of short term investments	195,915	62,403	(58,367)	—	45,948	245,899
Net purchases of other investments	—	—	—	—	(52,778)	(52,778)
Dividends and return of capital from subsidiaries	341,011	2,900	—	—	(343,911)	—
Contributions to subsidiaries	(95,001)	—	—	—	95,001	—
Due (from) to subsidiary	(22,676)	(14,396)	(92)	24,134	13,030	—
<b>Net cash provided by (used in) investing activities</b>	<b>305,720</b>	<b>(6,170)</b>	<b>(1,296)</b>	<b>24,134</b>	<b>(146,831)</b>	<b>175,557</b>
<b>Cash flows used in financing activities</b>						
Dividends paid – RenaissanceRe common shares	(26,198)	—	—	—	—	(26,198)
Dividends paid – preference shares	(11,191)	—	—	—	—	(11,191)
RenaissanceRe common share repurchases	(265,003)	—	—	—	—	(265,003)
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	(43,909)	(43,909)
<b>Net cash used in financing activities</b>	<b>(302,392)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(43,909)</b>	<b>(346,301)</b>
Effect of exchange rate changes on foreign currency cash	—	—	—	—	2,208	2,208
<b>Net decrease in cash and cash equivalents</b>	<b>(7,803)</b>	<b>(5,873)</b>	<b>(5,210)</b>	<b>(63)</b>	<b>(32,415)</b>	<b>(51,364)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>10,185</b>	<b>5,908</b>	<b>7,103</b>	<b>677</b>	<b>483,012</b>	<b>506,885</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,382</b>	<b>\$ 35</b>	<b>\$ 1,893</b>	<b>\$ 614</b>	<b>\$ 450,597</b>	<b>\$ 455,521</b>

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

Condensed Consolidating Statement of Cash Flows for the six months ended June 30, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
<b>Cash flows provided by (used in) operating activities</b>						
<b>Net cash provided by (used in) operating activities</b>	\$ 59,434	\$ (5,411)	\$ (10,030)	\$ (4,337)	\$ (69,026)	\$ (29,370)
<b>Cash flows (used in) provided by investing activities</b>						
Proceeds from sales and maturities of fixed maturity investments trading	14,718	7,016	45,087	—	4,695,154	4,761,975
Purchases of fixed maturity investments trading	(56,559)	(38,668)	—	—	(4,500,891)	(4,596,118)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	5,000	5,000
Net sales (purchases) of equity investments trading	—	33,687	(273,501)	—	73,329	(166,485)
Net (purchases) sales of short term investments	(1,088)	(5,848)	238,048	—	129,050	360,162
Net purchases of other investments	—	—	—	—	(1,250)	(1,250)
Net purchases of investments in other ventures	—	—	—	—	(45)	(45)
Net sales of other assets	—	—	—	—	4,500	4,500
Dividends and return of capital from subsidiaries	1,050,762	193,850	—	—	(1,244,612)	—
Contributions to subsidiaries	(231,964)	—	—	(180,000)	411,964	—
Due to (from) subsidiaries	114,266	(183,513)	(52)	(114,839)	184,138	—
Net purchase of Platinum	(904,433)	—	1,537	—	224,744	(678,152)
<b>Net cash (used in) provided by investing activities</b>	(14,298)	6,524	11,119	(294,839)	(18,919)	(310,413)
<b>Cash flows (used in) provided by financing activities</b>						
Dividends paid – RenaissanceRe common shares	(27,479)	—	—	—	—	(27,479)
Dividends paid – preference shares	(11,191)	—	—	—	—	(11,191)
RenaissanceRe common share repurchases	(736)	—	—	—	—	(736)
Net issuance of debt	—	—	—	299,400	146,189	445,589
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	(187,064)	(187,064)
<b>Net cash (used in) provided by financing activities</b>	(39,406)	—	—	299,400	(40,875)	219,119
Effect of exchange rate changes on foreign currency cash	—	—	—	—	(6,830)	(6,830)
<b>Net increase (decrease) in cash and cash equivalents</b>	5,730	1,113	1,089	224	(135,650)	(127,494)
<b>Cash and cash equivalents, beginning of period</b>	5,986	1,033	—	—	518,565	525,584
<b>Cash and cash equivalents, end of period</b>	\$ 11,716	\$ 2,146	\$ 1,089	\$ 224	\$ 382,915	\$ 398,090

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.

#### NOTE 14. SUBSEQUENT EVENTS

Subsequent to June 30, 2016 and through the period ended July 25, 2016, the Company repurchased 286 thousand common shares in open market transactions at an aggregate cost of \$33.1 million and at an average share price of \$115.66.

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

The following is a discussion and analysis of our results of operations for the three and six months ended June 30, 2016 and 2015, respectively. The following also includes a discussion of our liquidity and capital resources at June 30, 2016. This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in this filing and the audited consolidated financial statements and notes thereto contained in our Form 10-K for the fiscal year ended December 31, 2015. On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. Our results of operations for the first six months of 2016 included the results of Platinum for the period January 1, 2016 through June 30, 2016, compared to the first six months of 2015, which included the results of operations of Platinum for the period March 2, 2015 (the date of acquisition) through June 30, 2015. This filing contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from the results described or implied by these forward-looking statements. See "Note on Forward-Looking Statements."

### OVERVIEW

RenaissanceRe is a leading global provider of reinsurance and insurance coverages and related services. Our aspiration is to be the world's best underwriter by matching well-structured risks with efficient sources of capital. Through our operating subsidiaries, we seek to produce superior returns for our shareholders by being a trusted, long-term partner to our customers for assessing and managing risk, and by delivering responsive solutions. We accomplish this by leveraging our core capabilities of risk assessment and information management, by investing in our capabilities to serve our customers across the cycles that have historically characterized our markets and by keeping our promises. Overall, our strategy focuses on superior risk selection, superior customer relationships and superior capital management. We provide value to our customers and joint venture partners in the form of financial security, innovative products, and responsive service. We are known as a leader in paying valid reinsurance claims promptly. We principally measure our financial success through long-term growth in tangible book value per common share plus the change in accumulated dividends, which we believe is the most appropriate measure of our financial performance, and believe we have delivered superior performance in respect of this measure over time.

Our core products include property catastrophe and specialty reinsurance risks written through our wholly owned operating subsidiaries, joint ventures and Syndicate 1458; and certain insurance products primarily written through Syndicate 1458. We believe we are one of the world's leading providers of property catastrophe reinsurance. We also believe we have a strong position in certain specialty reinsurance lines of business and a growing presence in the Lloyd's marketplace. Our reinsurance and insurance products are principally distributed through intermediaries, with whom we seek to cultivate strong long-term relationships. We continually explore appropriate and efficient ways to address the risk needs of our clients. We have created and managed, and continue to manage, multiple capital vehicles and may create additional risk bearing vehicles in the future. As our product and geographical diversity increases, we may be exposed to new risks, uncertainties and sources of volatility.

Since a meaningful portion of the reinsurance and insurance we write provides protection from damages relating to natural and man-made catastrophes, our results depend to a large extent on the frequency and severity of such catastrophic events, and the coverages we offer to customers affected by these events. We are exposed to significant losses from these catastrophic events and other exposures we cover. Accordingly, we expect a significant degree of volatility in our financial results and our financial results may vary significantly from quarter-to-quarter and from year-to-year, based on the level of insured catastrophic losses occurring around the world. Our acquisition of Platinum accelerated the growth of our U.S. platform by expanding our client base and enhancing our U.S. market presence in our casualty and specialty reinsurance lines of business. Accordingly, these lines of business currently and may in the future continue to represent a greater proportion of our premiums and claims and claim expenses and generate a higher percentage of our returns than they did historically.

Our revenues are principally derived from three sources: (1) net premiums earned from the reinsurance and insurance policies we sell; (2) net investment income and realized and unrealized gains from the investment of our capital funds and the investment of the cash we receive on the policies which we sell; and (3) other income received from our joint ventures, advisory services and various other items.

Our expenses primarily consist of: (1) net claims and claim expenses incurred on the policies of reinsurance and insurance we sell; (2) acquisition costs which typically represent a percentage of the premiums we write; (3) operating expenses which primarily consist of personnel expenses, rent and other operating expenses; (4) corporate expenses which include certain executive, legal and consulting expenses, costs for research and development, transaction and integration-related expenses, and other miscellaneous costs, including those associated with operating as a publicly traded company; (5) redeemable noncontrolling interests, which represent the interests of third parties with respect to the net income of DaVinciRe and Medici; and (6) interest and dividend costs related to our debt and preference shares. We are also subject to taxes in certain jurisdictions in which we operate. Since the majority of our income is currently earned in Bermuda, which does not have a corporate income tax, the tax impact to our operations has historically been minimal, however, in the future, our net tax exposure may increase as our operations expand geographically.

The underwriting results of an insurance or reinsurance company are discussed frequently by reference to its net claims and claim expense ratio, underwriting expense ratio, and combined ratio. The net claims and claim expense ratio is calculated by dividing net claims and claim expenses incurred by net premiums earned. The underwriting expense ratio is calculated by dividing underwriting expenses (acquisition expenses and operational expenses) by net premiums earned. The combined ratio is the sum of the net claims and claim expense ratio and the underwriting expense ratio. A combined ratio below 100% generally indicates profitable underwriting prior to the consideration of investment income. A combined ratio over 100% generally indicates unprofitable underwriting prior to the consideration of investment income. We also discuss our net claims and claim expense ratio on an accident year basis. This ratio is calculated by taking net claims and claim expenses, excluding development on net claims and claim expenses from events that took place in prior fiscal years, divided by net premiums earned.

### **Segments**

Our business consists of the following reportable segments: (1) Catastrophe Reinsurance, which includes catastrophe reinsurance and certain property catastrophe joint ventures managed by our ventures unit; (2) Specialty Reinsurance, which includes specialty reinsurance and certain specialty joint ventures managed by our ventures unit; and (3) Lloyd's, which includes reinsurance and insurance business written through Syndicate 1458. In addition, our Other category primarily includes our strategic investments, investments in other ventures, investments unit, corporate expenses, capital servicing costs, redeemable noncontrolling interests, certain expenses related to the acquisition of Platinum, and the remnants of our Bermuda-based insurance operations.

The underwriting results of Platinum are included in the Company's Catastrophe Reinsurance and Specialty Reinsurance segments from March 2, 2015.

#### *Catastrophe Reinsurance Segment*

Property catastrophe reinsurance is our traditional core business, and is principally written through our wholly owned subsidiaries and our joint ventures. We believe we are one of the world's leading providers of this coverage, based on total catastrophe gross premiums written. This coverage protects against large natural catastrophes, such as earthquakes, hurricanes and tsunamis, as well as claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, fires, wind storms, tornadoes, explosions and acts of terrorism. We offer this coverage to insurance companies and other reinsurers primarily on an excess of loss basis. This means we begin paying when our customers' claims from a catastrophe exceed a certain retained amount. We also offer proportional coverages and other structures on a catastrophe-exposed basis and may increase these offerings on an absolute or relative basis in the future.

#### *Specialty Reinsurance Segment*

We write specialty reinsurance through our wholly owned subsidiaries and our joint ventures, covering principally certain targeted classes of business where we believe we have a sound basis for underwriting and pricing the risk we assume. Our portfolio includes various classes of casualty business, such as automobile liability, casualty clash, catastrophe exposed workers' compensation, cyber liability, directors and officers liability, environmental liability, general liability, medical malpractice and professional indemnity,



and other specialty lines of reinsurance such as accident and health, agriculture, aviation, financial guaranty, marine and energy, mortgage guaranty, multi-line regional, political risk, property, surety, terrorism and trade credit, which we collectively refer to as specialty reinsurance.

We believe we are seen as a market leader in certain of these classes of business. In recent years, we have expanded our specialty reinsurance operations, and we plan to continue to expand these operations over time. The acquisition of Platinum accelerated our strategy with respect to specialty reinsurance and we have experienced and expect to continue to experience growth in lines of business such as accident and health, multi-line regional and traditional workers compensation, and increase our presence within certain existing lines of business, including casualty clash, environmental liability, general liability, medical malpractice, professional indemnity and other casualty lines of business. However, we cannot assure you we will succeed in growing these operations or that any growth we do attain will be profitable, or will contribute meaningfully to our results or financial condition, particularly in light of current and forecasted market conditions. Our specialty reinsurance premiums are prone to significant volatility as this business can be influenced by a small number of relatively large transactions. As with our catastrophe business, our team of experienced professionals seeks to underwrite these lines using a disciplined underwriting approach and sophisticated analytical tools.

#### *Lloyd's Segment*

Our Lloyd's segment includes insurance and reinsurance business written for our own account through Syndicate 1458. The syndicate enhances our underwriting platform by providing access to Lloyd's extensive distribution network and worldwide licenses. RenaissanceRe CCL, an indirect wholly owned subsidiary of the Company, is the sole corporate member of Syndicate 1458. RenaissanceRe Syndicate Management Limited ("RSML"), a wholly owned subsidiary of RenaissanceRe, is the managing agent for Syndicate 1458. Syndicate 1458's absolute and relative contributions to our consolidated results of operations have increased in recent years and we expect this trend to continue over time, although we cannot assure you we will succeed in executing our growth strategy in respect of Syndicate 1458, or that its results will be profitable, particularly in light of current and forecasted market conditions.

Syndicate 1458 offers a range of property and casualty insurance and reinsurance products including, but not limited to, direct and facultative property, property catastrophe, agriculture, medical malpractice, general liability and professional indemnity. Syndicate 1458 also writes business through delegated authority arrangements. Syndicate 1458 may seek to expand its coverages and capacity over time. As with our catastrophe and specialty reinsurance business, Syndicate 1458 frequently provides coverage for relatively large limits or exposures, and thus it is subject to potentially significant claims volatility.

#### *Other*

Our Other category primarily includes the results of: (1) our share of strategic investments, and other ventures, in certain markets we believe offer attractive risk-adjusted returns or where we believe our investment adds value, and where, rather than assuming exclusive management responsibilities ourselves, we partner with other market participants; (2) our investment unit which manages and invests the funds generated by our consolidated operations; (3) corporate expenses, capital services costs, certain expenses related to the acquisition of Platinum and redeemable noncontrolling interests; and (4) the remnants of our Bermuda-based insurance operations.

#### **Ventures**

We pursue a number of other opportunities through our ventures unit, which has responsibility for creating and managing our joint ventures, executing customized reinsurance transactions to assume or cede risk and managing certain investments directed at classes of risk other than catastrophe reinsurance.

#### **New Business**

From time to time we consider diversification into new ventures, either through organic growth, the formation of new joint ventures, or the acquisition of or the investment in other companies or books of business of other companies. This potential diversification includes opportunities to write targeted, additional classes of risk-exposed business, both directly for our own account and through new joint venture opportunities. We also regularly evaluate potential strategic opportunities we believe might utilize our skills,

capabilities, proprietary technology and relationships to support possible expansion into further risk-related coverages, services and products. Generally, we focus on underwriting or trading risks where we believe reasonably sufficient data is available and our analytical abilities provide us with a competitive advantage, in order for us to seek to model estimated probabilities of losses and returns in accordance with our approach in respect of our then current portfolio of risks.

We regularly review potential strategic transactions that might improve our portfolio of business, enhance or focus our strategies, expand our distribution or capabilities, or provide other benefits. In evaluating potential new ventures or investments, we generally seek an attractive estimated return on equity, the ability to develop or capitalize on a competitive advantage, and opportunities which we believe will not detract from our core operations. We believe that our ability to potentially attract investment and operational opportunities is supported by our strong reputation and financial resources, and by the capabilities and track record of our ventures unit.

### ***Risk Management***

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

With respect to our Reinsurance operations, we have developed and continuously seek to improve our proprietary, computer-based pricing and exposure management system, REMS<sup>®</sup>. We believe that REMS<sup>®</sup>, as updated from time to time, is a more robust underwriting and risk management system than is currently commercially available elsewhere in the reinsurance industry and offers us a significant competitive advantage.

### **SUMMARY OF CRITICAL ACCOUNTING ESTIMATES**

The Company's critical accounting estimates include "Claims and Claim Expense Reserves", "Premiums and Related Expenses", "Reinsurance Recoverables", "Fair Value Measurements and Impairments" and "Income Taxes", and are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the year ended December 31, 2015. There have been no material changes to our critical accounting estimates as disclosed in our Form 10-K for the year ended December 31, 2015.

## SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the second quarter of 2016, compared to the second quarter of 2015.

<b>Three months ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
<i>(in thousands, except per share amounts and percentages)</i>			
<b>Statement of operations highlights</b>			
Gross premiums written	\$ 759,128	\$ 661,997	\$ 97,131
Net premiums written	\$ 519,916	\$ 508,677	\$ 11,239
Net premiums earned	\$ 351,402	\$ 379,828	\$ (28,426)
Net claims and claim expenses incurred	167,750	169,344	(1,594)
Acquisition expenses	69,005	61,666	7,339
Operational expenses	51,073	54,673	(3,600)
Underwriting income	\$ 63,574	\$ 94,145	\$ (30,571)
Net investment income	\$ 54,124	\$ 38,604	\$ 15,520
Net realized and unrealized gains (losses) on investments	69,772	(26,712)	96,484
Change in net unrealized gains on fixed maturity investments available for sale	(90)	(560)	470
Total investment result	\$ 123,806	\$ 11,332	\$ 112,474
Net income	\$ 172,556	\$ 90,996	\$ 81,560
Net income available to RenaissanceRe common shareholders	\$ 136,325	\$ 73,233	\$ 63,092
Net income available to RenaissanceRe common shareholders per common share – diluted	\$ 3.22	\$ 1.59	\$ 1.63
Dividends per common share	\$ 0.31	\$ 0.30	\$ 0.01
<b>Key ratios</b>			
Net claims and claim expense ratio – current accident year	56.1 %	53.3 %	2.8%
Net claims and claim expense ratio – prior accident years	(8.4)%	(8.7)%	0.3%
Net claims and claim expense ratio – calendar year	47.7 %	44.6 %	3.1%
Underwriting expense ratio	34.2 %	30.6 %	3.6%
Combined ratio	81.9 %	75.2 %	6.7%
Return on average common equity - annualized	12.6 %	6.6 %	6.0%
<b>Book value</b>			
	<b>June 30, 2016</b>	<b>March 31, 2016</b>	<b>Change</b>
Book value per common share	\$ 103.70	\$ 101.19	\$ 2.51
Accumulated dividends per common share	16.10	15.79	0.31
Book value per common share plus accumulated dividends	\$ 119.80	\$ 116.98	\$ 2.82
Change in book value per common share plus change in accumulated dividends	2.8 %		
<b>Balance sheet highlights</b>			
	<b>June 30, 2016</b>	<b>March 31, 2016</b>	<b>Change</b>
Total assets	\$ 12,544,763	\$ 12,153,913	\$ 390,850
Total shareholders' equity attributable to RenaissanceRe	\$ 4,703,217	\$ 4,760,593	\$ (57,376)

Net income available to RenaissanceRe common shareholders was \$136.3 million in the second quarter of 2016, compared to \$73.2 million in the second quarter of 2015, an increase of \$63.1 million. As a result of our net income available to RenaissanceRe common shareholders in the second quarter of 2016, we generated an annualized return on average common equity of 12.6% and our book value per common share increased from \$101.19 at March 31, 2016 to \$103.70 at June 30, 2016, a 2.8% increase, after considering the change in accumulated dividends paid to our common shareholders and the impact of 1.7 million common shares being repurchased in open market transactions, as detailed in "Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds".

The most significant events affecting our financial performance during the second quarter of 2016, on a comparative basis to the second quarter of 2015, include:

- *Higher Investment Results* - our total investment result, which includes the sum of net investment income and net realized and unrealized gains on investments, was \$123.8 million in the second quarter of 2016, compared to \$11.3 million in the second quarter of 2015, an increase of \$112.5 million. The total investment result during the second quarter of 2016 was primarily driven by net unrealized gains in our portfolio of fixed maturity investments trading, principally the result of a decrease in U.S. treasury yields and a flattening of the yield curve during the quarter, combined with an increase in net investment income in our portfolio of fixed maturity investments, driven by an increase in average invested assets in that portfolio, and net realized and unrealized gains on equity investments trading as a result of the strong performance of a number of our equity positions during the quarter. Partially offsetting these items were net realized and unrealized losses on certain investments-related derivatives due to the flattening of the yield curve, noted above; partially offset by
- *Lower Underwriting Income* - we generated underwriting income of \$63.6 million and a combined ratio of 81.9% in the second quarter of 2016, compared to \$94.1 million and 75.2% in the second quarter of 2015, respectively. The increase in the combined ratio was primarily driven by an increase in net claims and claim expenses and acquisition expenses, adding 3.1 and 3.6 percentage points, respectively, to the combined ratio. Included in net claims and claim expenses in the second quarter of 2016 was \$32.8 million of net claims and claim expenses associated with a number of weather-related events in Texas (the "2016 Texas Events") and \$28.1 million associated with the wildfire originating near Fort McMurray, Alberta (the "Fort McMurray Wildfire"). The net negative impact of these events on our consolidated underwriting result was \$50.4 million, and added 15.4 percentage points to our consolidated combined ratio. The net negative impact of these events on our net income available to RenaissanceRe common shareholders was \$41.1 million. See below for additional information related to the 2016 Texas Events and the Fort McMurray Wildfire; and
- *Higher Net Income Attributable to Redeemable Noncontrolling Interests* - our net income attributable to redeemable noncontrolling interests was \$30.6 million in the second quarter of 2016, compared to \$12.2 million in the second quarter of 2015, principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015.

#### **Net Negative Impact of the 2016 Texas Events and the Fort McMurray Wildfire**

Net negative impact includes the sum of estimates of net claims and claim expenses incurred, earned reinstatement premiums assumed and ceded, lost profit commissions and redeemable noncontrolling interest - DaVinci Re. Our estimates of the 2016 Texas Events and the Fort McMurray Wildfire are based on a review of our potential exposures, preliminary discussions with certain counterparties and catastrophe modeling techniques. Given the magnitude and recent occurrence of these catastrophe events, delays in receiving claims data, the contingent nature of business interruption and other exposures, potential uncertainties relating to reinsurance recoveries and other uncertainties inherent in loss estimation, meaningful uncertainty remains regarding losses from these events. Accordingly, our actual net negative impact from these events will vary from these estimates, perhaps significantly. Changes in these estimates will be recorded in the period in which they occur.

The supplemental financial data below provides additional information detailing the net negative impact of the 2016 Texas Events and the Fort McMurray Wildfire on our consolidated financial statements for the three months ended June 30, 2016.

<u>Three months ended June 30, 2016</u>	<u>2016 Texas Events</u>	<u>Fort McMurray Wildfire</u>	<u>Total</u>
(in thousands, except percentages)			
Net claims and claim expenses incurred	\$ (32,821)	\$ (28,061)	\$ (60,882)
Assumed reinstatement premiums earned	6,102	5,251	11,353
Ceded reinstatement premiums earned	—	(71)	(71)
Lost profit commissions	(477)	(370)	(847)
Net negative impact on underwriting result	(27,196)	(23,251)	(50,447)
Redeemable noncontrolling interest - DaVinciRe	5,124	4,247	9,371
Net negative impact	<u>\$ (22,072)</u>	<u>\$ (19,004)</u>	<u>\$ (41,076)</u>
Percentage point impact on consolidated combined ratio	8.2	7.0	15.4
Net negative impact on Catastrophe Reinsurance segment underwriting result	\$ (24,402)	\$ (18,763)	\$ (43,165)
Net negative impact on Specialty Reinsurance segment underwriting result	(1,901)	(500)	(2,401)
Net negative impact on Lloyd's segment underwriting result	(893)	(3,988)	(4,881)
Net negative impact on underwriting result	<u>\$ (27,196)</u>	<u>\$ (23,251)</u>	<u>\$ (50,447)</u>

### Underwriting Results by Segment

#### Catastrophe Reinsurance

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

<u>Three months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands, except percentages)			
Gross premiums written	\$ 397,454	\$ 385,366	\$ 12,088
Net premiums written	<u>\$ 255,645</u>	<u>\$ 270,490</u>	<u>\$ (14,845)</u>
Net premiums earned	\$ 141,616	\$ 162,705	\$ (21,089)
Net claims and claim expenses incurred	56,131	55,376	755
Acquisition expenses	16,227	19,314	(3,087)
Operational expenses	18,685	22,090	(3,405)
Underwriting income	<u>\$ 50,573</u>	<u>\$ 65,925</u>	<u>\$ (15,352)</u>
Net claims and claim expenses incurred – current accident year	\$ 70,321	\$ 67,334	\$ 2,987
Net claims and claim expenses incurred – prior accident years	(14,190)	(11,958)	(2,232)
Net claims and claim expenses incurred – total	<u>\$ 56,131</u>	<u>\$ 55,376</u>	<u>\$ 755</u>
Net claims and claim expense ratio – current accident year	49.7 %	41.4 %	8.3 %
Net claims and claim expense ratio – prior accident years	(10.1)%	(7.4)%	(2.7)%
Net claims and claim expense ratio – calendar year	39.6 %	34.0 %	5.6 %
Underwriting expense ratio	24.7 %	25.5 %	(0.8)%
Combined ratio	<u>64.3 %</u>	<u>59.5 %</u>	<u>4.8 %</u>

*Catastrophe Reinsurance Gross Premiums Written* – In the second quarter of 2016, our Catastrophe Reinsurance segment gross premiums written increased by \$12.1 million, or 3.1%, to \$397.5 million, compared to \$385.4 million in the second quarter of 2015. Market conditions remained challenging during

the second quarter of 2016, however we were able to increase our participation on a select number of transactions we believe have comparably attractive risk-return attributes, while continuing to exercise underwriting discipline given prevailing market terms and conditions. Included in gross premiums written in the Catastrophe Reinsurance segment in the second quarter of 2016 was \$10.9 million of reinstatement premiums associated with the 2016 Texas Events and the Fort McMurray Wildfire.

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

*Catastrophe Reinsurance Ceded Premiums Written* – Ceded premiums written in our Catastrophe Reinsurance segment were \$141.8 million in the second quarter of 2016, compared to \$114.9 million in the second quarter of 2015, an increase of \$26.9 million, or 23.4%, primarily reflecting an increase in purchases of retrocessional reinsurance given prevailing market conditions.

*Catastrophe Reinsurance Underwriting Results* – Our Catastrophe Reinsurance segment generated underwriting income of \$50.6 million in the second quarter of 2016, compared to \$65.9 million in the second quarter of 2015, a decrease of \$15.4 million. In the second quarter of 2016, our Catastrophe Reinsurance segment generated a net claims and claim expense ratio of 39.6%, an underwriting expense ratio of 24.7% and a combined ratio of 64.3%, compared to 34.0%, 25.5% and 59.5%, respectively, in the second quarter of 2015.

Underwriting income in our Catastrophe Reinsurance segment during the second quarter of 2016, compared to the second quarter of 2015, was principally impacted by a \$21.1 million decrease in net premiums earned, partially offset by a \$6.5 million decrease in underwriting expenses. Net claims and claim expenses increased \$0.8 million in the second quarter of 2016, compared to the second quarter of 2015, and included \$29.7 million and \$23.5 million of net claims and claim expenses associated with the 2016 Texas Events and the Fort McMurray Wildfire, respectively. The net negative impact on the Catastrophe Reinsurance segment underwriting result of the 2016 Texas Events and the Fort McMurray Wildfire was \$43.2 million, and these events increased the Catastrophe Reinsurance segment combined ratio by 36.0 percentage points.

We experienced \$14.2 million of favorable development on prior year reserves within our Catastrophe Reinsurance segment during the second quarter of 2016, compared to \$12.0 million in the second quarter of 2015, principally driven by a reduction in ultimate losses on a number of relatively small catastrophe events from 2015.

We have entered into joint ventures and specialized quota share cessions for portions of our book of business. In accordance with the joint venture and quota share agreements, we are entitled to certain profit commissions and fee income. We record these profit commissions and fees as a reduction in acquisition and operating expenses, respectively, and, accordingly, these fees have reduced our underwriting expense ratios. These fees totaled \$19.8 million and \$6.3 million in the second quarter of 2016 and 2015, respectively, and resulted in a corresponding decrease to the Catastrophe Reinsurance segment underwriting expense ratio of 14.0% and 3.9%, respectively. In addition, we are entitled to certain fee income and profit commissions from DaVinci. Because the results of DaVinci, and its parent DaVinciRe, are consolidated in our results of operations, these fees and profit commissions are eliminated in our consolidated financial statements and are principally reflected in redeemable noncontrolling interest. The net impact of all fees and profit commissions related to these joint ventures and specialized quota share cessions within our Catastrophe Reinsurance segment was \$28.7 million and \$15.3 million in the second quarter of 2016 and 2015, respectively.

## Specialty Reinsurance

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

<b>Three months ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
(in thousands, except percentages)			
Gross premiums written	\$ 200,733	\$ 160,013	\$ 40,720
Net premiums written	\$ 132,420	\$ 139,867	\$ (7,447)
Net premiums earned	\$ 137,168	\$ 155,584	\$ (18,416)
Net claims and claim expenses incurred	67,701	86,062	(18,361)
Acquisition expenses	34,127	28,251	5,876
Operational expenses	19,959	18,747	1,212
Underwriting income	\$ 15,381	\$ 22,524	\$ (7,143)
Net claims and claim expenses incurred – current accident year	\$ 85,117	\$ 104,315	\$ (19,198)
Net claims and claim expenses incurred – prior accident years	(17,416)	(18,253)	837
Net claims and claim expenses incurred – total	\$ 67,701	\$ 86,062	\$ (18,361)
Net claims and claim expense ratio – current accident year	62.1 %	67.0 %	(4.9)%
Net claims and claim expense ratio – prior accident years	(12.7)%	(11.7)%	(1.0)%
Net claims and claim expense ratio – calendar year	49.4 %	55.3 %	(5.9)%
Underwriting expense ratio	39.4 %	30.2 %	9.2 %
Combined ratio	88.8 %	85.5 %	3.3 %

**Specialty Reinsurance Gross Premiums Written** – In the second quarter of 2016, our Specialty Reinsurance segment gross premiums written increased \$40.7 million, or 25.4%, to \$200.7 million, compared to \$160.0 million in the second quarter of 2015, principally driven by an increase in our credit lines of business. Our specialty reinsurance premiums are prone to significant volatility as this business can be influenced by a small number of relatively large transactions.

Our Specialty Reinsurance segment gross premiums written in force at June 30, 2016 reflected a relatively larger proportion of quota share, or proportional, reinsurance compared to excess of loss reinsurance than in many of our comparative periods. Our relative mix of business between quota share, or proportional business, and excess of loss business has fluctuated in the past and will likely vary in the future. Quota share business typically has relatively higher premiums per unit of expected underwriting income, together with a higher combined ratio, than traditional excess of loss reinsurance. In addition, quota share coverage tends to be exposed to relatively more attritional, and frequent, losses while subject to less expected severity. Moreover, market conditions for our Specialty Reinsurance segment have been impacted by a trend towards increased ceding commissions on our assumed quota share reinsurance.

**Specialty Reinsurance Ceded Premiums Written** – Ceded premiums written in our Specialty Reinsurance segment increased \$48.2 million to \$68.3 million in the second quarter of 2016, compared to \$20.1 million in the second quarter of 2015, primarily reflecting an increase in the purchase of retrocessional reinsurance given prevailing market conditions.

**Specialty Reinsurance Underwriting Results** – Our Specialty Reinsurance segment generated underwriting income of \$15.4 million in the second quarter of 2016, compared to \$22.5 million in the second quarter of 2015. In the second quarter of 2016, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 49.4%, an underwriting expense ratio of 39.4% and a combined ratio of 88.8%, compared to 55.3%, 30.2% and 85.5%, respectively, in the second quarter of 2015.

Our Specialty Reinsurance segment's combined ratio was impacted by a 9.2 percentage point increase in the underwriting expense ratio in the second quarter of 2016, compared to the second quarter of 2015, partially offset by a 5.9 percentage point decrease in the net claims and claim expense ratio in the second

quarter of 2016, compared to the second quarter of 2015, principally driven by a \$19.2 million decrease in current accident year net claims and claim expenses. We experienced \$17.4 million of favorable development on prior accident years net claims and claim reserves within our Specialty Reinsurance segment during the second quarter of 2016, compared to \$18.3 million in the second quarter of 2015. The favorable development on prior accident years net claims and claim expenses of \$17.4 million in the second quarter of 2016 was principally driven by actual reported losses coming in better than expected and \$6.1 million of favorable development associated with actuarial assumption changes.

### Lloyd's Segment

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

<b>Three months ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
(in thousands, except percentages)			
Gross premiums written	\$ 160,941	\$ 116,618	\$ 44,323
Net premiums written	\$ 131,851	\$ 98,320	\$ 33,531
Net premiums earned	\$ 72,618	\$ 61,539	\$ 11,079
Net claims and claim expenses incurred	43,832	27,683	16,149
Acquisition expenses	18,651	14,210	4,441
Operational expenses	12,408	13,719	(1,311)
Underwriting (loss) income	\$ (2,273)	\$ 5,927	\$ (8,200)
Net claims and claim expenses incurred – current accident year	\$ 41,567	\$ 30,771	\$ 10,796
Net claims and claim expenses incurred – prior accident years	2,265	(3,088)	5,353
Net claims and claim expenses incurred – total	\$ 43,832	\$ 27,683	\$ 16,149
Net claims and claim expense ratio – current accident year	57.2%	50.0 %	7.2 %
Net claims and claim expense ratio – prior accident years	3.2%	(5.0)%	8.2 %
Net claims and claim expense ratio – calendar year	60.4%	45.0 %	15.4 %
Underwriting expense ratio	42.7%	45.4 %	(2.7)%
Combined ratio	103.1%	90.4 %	12.7 %

*Lloyd's Gross Premiums Written* – Gross premiums written in our Lloyd's segment increased \$44.3 million, or 38.0%, to \$160.9 million in the second quarter of 2016, compared to \$116.6 million in the second quarter of 2015, primarily due to Syndicate 1458 continuing to grow organically in the Lloyd's marketplace, notwithstanding challenging overall market conditions.

*Lloyd's Underwriting Results* – Our Lloyd's segment incurred an underwriting loss of \$2.3 million and a combined ratio of 103.1% in the second quarter of 2016, compared to an underwriting loss of \$5.9 million and a combined ratio of 90.4% in the second quarter of 2015.

Impacting the combined ratio in our Lloyd's segment during the second quarter of 2016, compared to the second quarter of 2015, was a 7.2 and 8.2 percentage point increase in the current year and prior accident years net claims and claim expense ratios, respectively, partially offset by a 2.7 percentage point decrease in the underwriting expense ratio. Included in current accident year net claims and claim expenses was \$5.3 million associated with the 2016 Texas Events and the Fort McMurray Wildfire, which increased the Lloyd's segment combined ratio by 6.7 percentage points.

Our Lloyd's segment experienced \$2.3 million of adverse development on prior accident years net claims and claim expenses in the second quarter of 2016, compared to favorable development of \$3.1 million in the second quarter of 2015, principally driven by actual reported loss activity coming in slightly higher than expected.



## Net Investment Income

Three months ended June 30, (in thousands)	2016	2015	Change
Fixed maturity investments	\$ 46,091	\$ 33,791	\$ 12,300
Short term investments	1,227	297	930
Equity investments trading	865	1,913	(1,048)
Other investments			
Private equity investments	4,356	5,425	(1,069)
Other	5,035	674	4,361
Cash and cash equivalents	209	127	82
	<u>57,783</u>	<u>42,227</u>	<u>15,556</u>
Investment expenses	(3,659)	(3,623)	(36)
Net investment income	<u>\$ 54,124</u>	<u>\$ 38,604</u>	<u>\$ 15,520</u>

Net investment income was \$54.1 million in the second quarter of 2016, compared to \$38.6 million in the second quarter of 2015. Impacting our net investment income for the second quarter of 2016 was higher net investment income in our portfolio of fixed maturity investments, primarily driven by higher average invested assets in that portfolio, and higher net investment income in our portfolio of other investments, principally driven by higher returns from catastrophe bonds.

Low interest rates in recent years have lowered the yields at which we invest our assets relative to historical levels, and combined with the current composition of our investment portfolio and other factors, we expect these developments to constrain investment income growth for the near term. Our private equity and other investment portfolios are accounted for at fair value with the change in fair value recorded in net investment income, which included net unrealized losses of \$5.0 million in the second quarter of 2016, compared to unrealized losses of \$1.6 million in the second quarter of 2015.

## Net Realized and Unrealized Gains (Losses) on Investments

Three months ended June 30, (in thousands)	2016	2015	Change
Gross realized gains	\$ 22,661	\$ 8,672	\$ 13,989
Gross realized losses	(7,804)	(21,552)	13,748
Net realized gains (losses) on fixed maturity investments	14,857	(12,880)	27,737
Net unrealized gains (losses) on fixed maturity investments trading	44,271	(48,104)	92,375
Net realized and unrealized (losses) gains on investments-related derivatives	(9,151)	19,816	(28,967)
Net realized gains on equity investments trading	14,729	8,832	5,897
Net unrealized gains on equity investments trading	5,066	5,624	(558)
Net realized and unrealized gains (losses) on investments	<u>\$ 69,772</u>	<u>\$ (26,712)</u>	<u>\$ 96,484</u>

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

Net realized and unrealized gains on investments were \$69.8 million in the second quarter of 2016, compared to net realized and unrealized losses of \$26.7 million in the second quarter of 2015, an increase of \$96.5 million. Included in net realized and unrealized gains on investments are the following components:

- net realized and unrealized gains on our fixed maturity investments trading of \$59.1 million during the second quarter of 2016, compared to net unrealized losses of \$61.0 million in the second quarter of 2015, an improvement of \$120.1 million, principally driven by a flattening yield curve during the second quarter of 2016 resulting in net realized and unrealized gains, compared to the second quarter of 2015 when the yield curve shifted upwards significantly leading to net realized and unrealized losses, partially offset by corresponding net realized and unrealized losses on certain investments-related derivatives of \$9.2 million in the second quarter of 2016, compared to gains of \$19.8 million in the second quarter of 2015, a deterioration of \$29.0 million; and
- net realized and unrealized gains on equity investments trading of \$19.8 million in the second quarter of 2016, compared to net realized and unrealized gains of \$14.5 million in the second quarter of 2015, driven by strong performance of a number of the Company's equity positions during the second quarter of 2016.

### Equity in Earnings of Other Ventures

<u>Three months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Tower Hill Companies	\$ 3,846	\$ 4,294	\$ (448)
Top Layer Re	2,265	2,174	91
Other	(89)	(308)	219
Total equity in earnings of other ventures	<u>\$ 6,022</u>	<u>\$ 6,160</u>	<u>\$ (138)</u>

Equity in earnings of other ventures primarily represents our pro-rata share of the net income from our investments in Tower Hill Insurance Group, LLC, Tower Hill Holdings, Inc., Tower Hill Re Ltd. and Tower Hill Signature Insurance Holdings, Inc. (collectively, the "Tower Hill Companies") and Top Layer Re, and, except for Top Layer Re, is recorded one quarter in arrears.

Equity in earnings of other ventures was \$6.0 million in the second quarter of 2016, compared to \$6.2 million in the second quarter of 2015.

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

### Other Income

<u>Three months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	\$ 3,492	\$ 1,162	\$ 2,330
Other items	(838)	265	(1,103)
Total other income	<u>\$ 2,654</u>	<u>\$ 1,427</u>	<u>\$ 1,227</u>

In the second quarter of 2016, we generated other income of \$2.7 million, compared to other income of \$1.4 million in the second quarter of 2015.

### Corporate Expenses

<u>Three months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Total corporate expenses	<u>\$ 5,752</u>	<u>\$ 12,868</u>	<u>\$ (7,116)</u>

Corporate expenses include certain executive, director, legal and consulting expenses, costs for research and development, impairment charges related to goodwill and other intangible assets, and other miscellaneous costs, including those associated with operating as a publicly traded company. Corporate expenses were \$5.8 million in the second quarter of 2016, compared to \$12.9 million in the second quarter of 2015, primarily reflecting a decrease to \$0.2 million of corporate expenses associated with the acquisition

and integration of Platinum incurred during the second quarter of 2016, compared to \$7.8 million in the second quarter of 2015.

#### Income Tax (Expense) Benefit

<u>Three months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Income tax (expense) benefit	\$ (6,612)	\$ 1,842	\$ (8,454)

We recognized an income tax expense of \$6.6 million in the second quarter of 2016, compared to an income tax benefit of \$1.8 million in the second quarter of 2015, principally driven by taxable income in our U.S.-domiciled operations.

#### Net Income Attributable to Redeemable Noncontrolling Interests

<u>Three months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Net income attributable to redeemable noncontrolling interests	\$ (30,635)	\$ (12,167)	\$ (18,468)

Our net income attributable to redeemable noncontrolling interests was \$30.6 million in the second quarter of 2016, compared to \$12.2 million in the second quarter of 2015, principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015. We expect our ownership in DaVinciRe to fluctuate over time.

## SUMMARY OF RESULTS OF OPERATIONS

Below is a discussion of the results of operations for the six months ended June 30, 2016, compared to the six months ended June 30, 2015.

<b>Six months ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
<i>(in thousands, except per share amounts and percentages)</i>			
<b>Statement of operations highlights</b>			
Gross premiums written	\$ 1,621,261	\$ 1,305,575	\$ 315,686
Net premiums written	\$ 1,031,591	\$ 912,712	\$ 118,879
Net premiums earned	\$ 705,008	\$ 676,588	\$ 28,420
Net claims and claim expenses incurred	294,355	246,197	48,158
Acquisition expenses	134,597	105,067	29,530
Operational expenses	107,308	100,294	7,014
Underwriting income	\$ 168,748	\$ 225,030	\$ (56,282)
Net investment income	\$ 82,987	\$ 78,311	\$ 4,676
Net realized and unrealized gains (losses) on investments	131,425	15,037	116,388
Change in net unrealized gains on fixed maturity investments available for sale	(359)	(743)	384
Total investment result	\$ 214,053	\$ 92,605	\$ 121,448
Net income	\$ 350,737	\$ 304,096	\$ 46,641
Net income available to RenaissanceRe common shareholders	\$ 264,320	\$ 241,076	\$ 23,244
Net income available to RenaissanceRe common shareholders per common share – diluted	\$ 6.16	\$ 5.56	\$ 0.60
Dividends per common share	\$ 0.62	\$ 0.60	\$ 0.02
<b>Key ratios</b>			
Net claims and claim expense ratio – current accident year	46.1 %	44.5 %	1.6%
Net claims and claim expense ratio – prior accident years	(4.3)%	(8.1)%	3.8%
Net claims and claim expense ratio – calendar year	41.8 %	36.4 %	5.4%
Underwriting expense ratio	34.3 %	30.3 %	4.0%
Combined ratio	76.1 %	66.7 %	9.4%
Return on average common equity - annualized	12.2 %	11.8 %	0.4%
<b>Book value</b>			
	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>Change</b>
Book value per common share	\$ 103.70	\$ 99.13	\$ 4.57
Accumulated dividends per common share	16.10	15.48	0.62
Book value per common share plus accumulated dividends	\$ 119.80	\$ 114.61	\$ 5.19
Change in book value per common share plus change in accumulated dividends	5.2 %		
<b>Balance sheet highlights</b>			
	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>Change</b>
Total assets	\$ 12,544,763	\$ 11,555,287	\$ 989,476
Total shareholders' equity attributable to RenaissanceRe	\$ 4,703,217	\$ 4,732,184	\$ (28,967)

Net income available to RenaissanceRe common shareholders was \$264.3 million in the first six months of 2016, compared to \$241.1 million in the first six months of 2015, an increase of \$23.2 million. As a result of our net income available to RenaissanceRe common shareholders in the first six months of 2016, we generated an annualized return on average common equity of 12.2% and our book value per common share increased from \$99.13 at December 31, 2015 to \$103.70 at June 30, 2016, a 5.2% increase, after considering the change in accumulated dividends paid to our common shareholders, and the impact of repurchasing an aggregate of 2.4 million common shares in open market transactions, as detailed in “Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds”.

The most significant events affecting our financial performance during the first six months of 2016, on a comparative basis to the first six months of 2015, include:

- *Higher Investment Results* - our total investment result of \$214.1 million in the first six months of 2016, which includes the sum of net investment income, net realized and unrealized gains on investments, and the change in net unrealized gains on fixed maturity investments available for sale, increased \$121.4 million from \$92.6 million in the first six months of 2015. The total investment results in the first six months of 2016 was primarily driven by net unrealized gains in our portfolio of fixed maturity investments trading, principally the result of a decrease in U.S. treasury yields and a flattening of the yield curve during the period, combined with an increase in net investment income in our portfolio of fixed maturity investments, driven by an increase in average invested assets, and net realized and unrealized gains on equity investments trading as a result of the strong performance of a number of our equity positions during the period. Partially offsetting these items were net realized and unrealized losses on certain investments-related derivatives due to the flattening of the yield curve, noted above; and
- *Lower Corporate Expenses* - our corporate expenses decreased \$44.4 million to \$14.0 million in the first six months of 2016, compared to \$58.4 million in the first six months of 2015, primarily reflecting a decrease to \$1.8 million of corporate expenses associated with the acquisition and integration of Platinum incurred during the first six months of 2016, compared to \$48.2 million in the first six months of 2015; partially offset by
- *Lower Underwriting Income* - we generated underwriting income of \$168.7 million and a combined ratio of 76.1% in the first six months of 2016, compared to \$225.0 million and 66.7%, respectively, in the first six months of 2015, a decrease of \$56.3 million and an increase of 9.4 percentage points, respectively. The increase in the combined ratio in the first six months of 2016, compared to the first six months of 2015, was primarily driven by higher net claims and claim expenses and an increase in underwriting expenses, adding 5.4 and 4.0 percentage points, respectively, to the combined ratio. Included in net claims and claim expenses in the first six months of 2016 was \$32.8 million associated with the 2016 Texas Events and \$28.1 million associated with the Fort McMurray Wildfire. The net negative impact of these events on our consolidated underwriting result was \$50.4 million, and these events added 7.7 percentage points to our consolidated combined ratio. The net negative impact of these events on our net income available to RenaissanceRe common shareholders was \$41.1 million. See below for additional information related to the 2016 Texas Events and the Fort McMurray Wildfire;
- *Higher Income Tax Expense* - we recognized \$9.4 million of income tax expense in the first six months of 2016, compared to an income tax benefit of \$49.7 million in the first six months of 2015, a decrease of \$59.1 million, primarily due to a decrease in our U.S.-based deferred tax asset valuation allowance from \$48.5 million to \$1.0 million in the first six months of 2015, as a result of expected profits in our U.S.-based operations due principally to the acquisition of Platinum; and
- *Higher Net Income Attributable to Redeemable Noncontrolling Interests* - our net income attributable to redeemable noncontrolling interests was \$75.2 million in the first six months of 2016, compared to \$51.8 million in the first six months of 2015, principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015.

## Net Negative Impact of the 2016 Texas Events and the Fort McMurray Wildfire

The supplemental financial data below provides additional information detailing the net negative impact of the 2016 Texas Events and the Fort McMurray Wildfire on our consolidated financial statements for the six months ended June 30, 2016.

<u>Six months ended June 30, 2016</u>	<u>2016 Texas Events</u>	<u>Fort McMurray Wildfire</u>	<u>Total</u>
(in thousands, except percentages)			
Net claims and claim expenses incurred	\$ (32,821)	\$ (28,061)	\$ (60,882)
Assumed reinstatement premiums earned	6,102	5,251	11,353
Ceded reinstatement premiums earned	—	(71)	(71)
Lost profit commissions	(477)	(370)	(847)
Net negative impact on underwriting result	(27,196)	(23,251)	(50,447)
Redeemable noncontrolling interest - DaVinciRe	5,124	4,247	9,371
Net negative impact	<u>\$ (22,072)</u>	<u>\$ (19,004)</u>	<u>\$ (41,076)</u>
Percentage point impact on consolidated combined ratio	4.1	3.5	7.7
Net negative impact on Catastrophe Reinsurance segment underwriting result	\$ (24,402)	\$ (18,763)	\$ (43,165)
Net negative impact on Specialty Reinsurance segment underwriting result	(1,901)	(500)	(2,401)
Net negative impact on Lloyd's segment underwriting result	(893)	(3,988)	(4,881)
Net negative impact on underwriting result	<u>\$ (27,196)</u>	<u>\$ (23,251)</u>	<u>\$ (50,447)</u>

## Acquisition of Platinum

On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. Our results of operations for the first six months of 2016 included the results of the legacy business acquired from Platinum for the period January 1, 2016 through June 30, 2016, compared to the first six months of 2015, which included the results of operations of Platinum for the period March 2, 2015 (the date of acquisition) through June 30, 2015.

## Underwriting Results by Segment

### Catastrophe Reinsurance

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

<b>Six months ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
(in thousands, except percentages)			
Gross premiums written	\$ 757,877	\$ 774,613	\$ (16,736)
Net premiums written	\$ 444,430	\$ 493,130	\$ (48,700)
Net premiums earned	\$ 278,601	\$ 306,472	\$ (27,871)
Net claims and claim expenses incurred	63,951	62,970	981
Acquisition expenses	25,807	26,968	(1,161)
Operational expenses	38,953	42,453	(3,500)
Underwriting income	\$ 149,890	\$ 174,081	\$ (24,191)
Net claims and claim expenses incurred – current accident year	\$ 84,204	\$ 91,458	\$ (7,254)
Net claims and claim expenses incurred – prior accident years	(20,253)	(28,488)	8,235
Net claims and claim expenses incurred – total	\$ 63,951	\$ 62,970	\$ 981
Net claims and claim expense ratio – current accident year	30.2 %	29.8 %	0.4%
Net claims and claim expense ratio – prior accident years	(7.2)%	(9.3)%	2.1%
Net claims and claim expense ratio – calendar year	23.0 %	20.5 %	2.5%
Underwriting expense ratio	23.2 %	22.7 %	0.5%
Combined ratio	46.2 %	43.2 %	3.0%

**Catastrophe Reinsurance Gross Premiums Written** – In the first six months of 2016, our Catastrophe Reinsurance segment gross premiums written decreased by \$16.7 million, or 2.2%, to \$757.9 million, compared to \$774.6 million in the first six months of 2015. Market conditions remained challenging during the first six months of 2016, resulting in decreased gross premiums written on certain programs and transactions. However, we were able to increase our participation on a select number of transactions we believe have comparably attractive risk-return attributes, while continuing to exercise underwriting discipline given prevailing market terms and conditions. Included in gross premiums written in the Catastrophe Reinsurance segment in the first six months of 2016 was \$10.9 million of reinstatement premiums associated with the 2016 Texas Events and the Fort McMurray Wildfire.

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

**Catastrophe Reinsurance Ceded Premiums Written** – Ceded premiums written in our Catastrophe Reinsurance segment increased \$32.0 million to \$313.4 million in the first six months of 2016, compared to \$281.5 million in the first six months of 2015, primarily reflecting an increase in purchases of retrocessional reinsurance given prevailing market conditions.

**Catastrophe Reinsurance Underwriting Results** – Our Catastrophe Reinsurance segment generated underwriting income of \$149.9 million in the first six months of 2016, compared to \$174.1 million in the first six months of 2015, a decrease of \$24.2 million. In the first six months of 2016, our Catastrophe Reinsurance segment generated a net claims and claim expense ratio of 23.0%, an underwriting expense

ratio of 23.2% and a combined ratio of 46.2%, compared to 20.5%, 22.7% and 43.2%, respectively, in the first six months of 2015.

The \$24.2 million decrease in underwriting income in our Catastrophe Reinsurance segment in the first six months of 2016, compared to the first six months of 2015, was principally driven by a \$27.9 million decrease in net premiums earned, as a result of the decline in gross premiums written combined with the increase in ceded premiums written.

Included in net claims and claim expenses during the first six months of 2016 was \$29.7 million and \$23.5 million of net claims and claim expenses associated with the 2016 Texas Events and the Fort McMurray Wildfire, respectively. The net negative impact on our Catastrophe Reinsurance segment underwriting result from the 2016 Texas Events and the Fort McMurray Wildfire was \$24.4 million and \$18.8 million, respectively, and increased the Catastrophe Reinsurance segment combined ratio by 11.5 and 9.2 percentage points, respectively.

During the first six months of 2016 we experienced \$20.3 million of favorable development on prior year reserves within our Catastrophe Reinsurance segment, compared to \$28.5 million in the first six months of 2015. The favorable development on prior accident years net claims and claim expenses in the first six months of 2016 was principally driven by \$21.7 million of favorable development primarily attributable to a number of relatively small catastrophe events, partially offset by adverse development of \$3.0 million related to the 2010 New Zealand Earthquake, each principally the result of changes in our estimated ultimate loss for each respective event.

We have entered into joint ventures and specialized quota share cessions for portions of our book of business. In accordance with the joint venture and quota share agreements, we are entitled to certain profit commissions and fee income. We record these profit commissions and fees as a reduction in acquisition and operating expenses, respectively, and, accordingly, these fees have reduced our underwriting expense ratios. These fees totaled \$42.8 million and \$33.6 million in the first six months of 2016 and 2015, respectively, and resulted in a corresponding decrease to the Catastrophe Reinsurance segment underwriting expense ratio of 15.4% and 11.0%, respectively. In addition, we are entitled to certain fee income and profit commissions from DaVinci. Because the results of DaVinci, and its parent DaVinciRe, are consolidated in our results of operations, these fees and profit commissions are eliminated in our consolidated financial statements and are principally reflected in redeemable noncontrolling interest. The net impact of all fees and profit commissions related to these joint ventures and specialized quota share cessions within our Catastrophe Reinsurance segment was \$63.1 million and \$53.9 million in the first six months of 2016 and 2015, respectively.



## Specialty Reinsurance

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

<b>Six months ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
(in thousands, except percentages)			
Gross premiums written	\$ 569,722	\$ 284,304	\$ 285,418
Net premiums written	\$ 392,511	\$ 243,782	\$ 148,729
Net premiums earned	\$ 292,486	\$ 250,460	\$ 42,026
Net claims and claim expenses incurred	159,553	125,650	33,903
Acquisition expenses	75,852	48,940	26,912
Operational expenses	41,732	32,037	9,695
Underwriting income	\$ 15,349	\$ 43,833	\$ (28,484)
Net claims and claim expenses incurred – current accident year	\$ 173,495	\$ 153,579	\$ 19,916
Net claims and claim expenses incurred – prior accident years	(13,942)	(27,929)	13,987
Net claims and claim expenses incurred – total	\$ 159,553	\$ 125,650	\$ 33,903
Net claims and claim expense ratio – current accident year	59.3 %	61.3 %	(2.0)%
Net claims and claim expense ratio – prior accident years	(4.7)%	(11.1)%	6.4 %
Net claims and claim expense ratio – calendar year	54.6 %	50.2 %	4.4 %
Underwriting expense ratio	40.2 %	32.3 %	7.9 %
Combined ratio	94.8 %	82.5 %	12.3 %

*Specialty Reinsurance Gross Premiums Written* – In the first six months of 2016, our Specialty Reinsurance segment gross premiums written increased \$285.4 million, or 100.4%, to \$569.7 million, compared to \$284.3 million in the first six months of 2015, principally driven by select organic growth in our casualty and credit lines of business. In addition, our Specialty Reinsurance segment casualty line of business was impacted in the first six months of 2016 by business acquired in connection with our acquisition of Platinum, for the period from January 1, 2016 through June 30, 2016, compared to the first six months of 2015, which included gross premiums written from Platinum for the period from March 2, 2015 (the date of acquisition) through June 30, 2015. Our specialty reinsurance premiums are prone to significant volatility as this business can be influenced by a small number of relatively large transactions.

Our Specialty Reinsurance segment gross premiums written in force at June 30, 2016 reflected a relatively larger proportion of quota share, or proportional, reinsurance compared to excess of loss reinsurance than in many of our comparative periods. Our relative mix of business between quota share, or proportional business, and excess of loss business has fluctuated in the past and will likely vary in the future. Quota share business typically has relatively higher premiums per unit of expected underwriting income, together with a higher combined ratio, than traditional excess of loss reinsurance. In addition, quota share coverage tends to be exposed to relatively more attritional, and frequent, losses while subject to less expected severity. Moreover, market conditions for our Specialty Reinsurance segment have been impacted by a trend towards increased ceding commissions on our assumed quota share reinsurance.

*Specialty Reinsurance Ceded Premiums Written* – Ceded premiums written in our Specialty Reinsurance segment increased \$136.7 million to \$177.2 million in the first six months of 2016, compared to \$40.5 million in the first six months of 2015, primarily reflecting an increase in the purchase of retrocessional reinsurance given prevailing market conditions.

**Specialty Reinsurance Underwriting Results** – Our Specialty Reinsurance segment generated underwriting income of \$15.3 million in the first six months of 2016, compared to underwriting income of \$43.8 million in the first six months of 2015. In the first six months of 2016, our Specialty Reinsurance segment generated a net claims and claim expense ratio of 54.6%, an underwriting expense ratio of 40.2% and a combined ratio of 94.8%, compared to 50.2%, 32.3% and 82.5%, respectively, in the first six months of 2015.

Our Specialty Reinsurance segment's combined ratio was impacted by a 7.9 percentage point increase in the underwriting expense ratio in the first six months of 2016, compared to the first six months of 2015. Operational expenses in our Specialty Reinsurance segment have increased to support the growth in this segment. In addition, our Specialty Reinsurance segment net claims and claim expense ratio increased 4.4 percentage points in the first six months of 2016, compared to the first six months of 2015, principally driven by a decrease in favorable development on prior accident years net claims and claim expenses of \$14.0 million. The favorable development on prior accident years net claims and claim expenses of \$13.9 million in the first six months of 2016 was principally driven by actual reported losses coming in better than expected and \$6.1 million of favorable development associated with actuarial assumption changes.

### Lloyd's Segment

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

<b>Six months ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
<i>(in thousands, except percentages)</i>			
Gross premiums written	\$ 293,662	\$ 246,748	\$ 46,914
Net premiums written	\$ 194,650	\$ 175,889	\$ 18,761
Net premiums earned	\$ 133,921	\$ 119,745	\$ 14,176
Net claims and claim expenses incurred	70,848	57,526	13,322
Acquisition expenses	32,938	28,903	4,035
Operational expenses	26,542	25,659	883
Underwriting income	\$ 3,593	\$ 7,657	\$ (4,064)
Net claims and claim expenses incurred – current accident year	\$ 67,515	\$ 56,381	\$ 11,134
Net claims and claim expenses incurred – prior accident years	3,333	1,145	2,188
Net claims and claim expenses incurred – total	\$ 70,848	\$ 57,526	\$ 13,322
Net claims and claim expense ratio – current accident year	50.4%	47.1%	3.3 %
Net claims and claim expense ratio – prior accident years	2.5%	0.9%	1.6 %
Net claims and claim expense ratio – calendar year	52.9%	48.0%	4.9 %
Underwriting expense ratio	44.4%	45.6%	(1.2)%
Combined ratio	97.3%	93.6%	3.7 %

**Lloyd's Gross Premiums Written** – Gross premiums written in our Lloyd's segment increased \$46.9 million, or 19.0%, to \$293.7 million in the first six months of 2016, compared to \$246.7 million in the first six months of 2015, primarily due to Syndicate 1458 continuing to grow organically in the Lloyd's marketplace, notwithstanding challenging overall market conditions.

**Lloyd's Ceded Premiums Written** – Ceded premiums written in our Lloyd's segment increased \$28.2 million to \$99.0 million in the first six months of 2016, compared to \$70.9 million in the first six months of 2015, primarily reflecting purchases of retrocessional reinsurance for the casualty and property lines of business.

**Lloyd's Underwriting Results** – Our Lloyd's segment generated underwriting income of \$3.6 million and a combined ratio of 97.3% in the first six months of 2016, compared to generating underwriting income of \$7.7 million and a combined ratio of 93.6%, respectively, in the first six months of 2015. Impacting the

combined ratio in the Lloyd's segment during the second quarter of 2016, compared to the second quarter of 2015, was a 3.3 and 1.6 percentage point increase in the current year and prior accident years net claims and claim expense ratios, respectively, partially offset by a 1.2 percentage point decrease in the underwriting expense ratio. Included in current accident year net claims and claim expenses was \$5.3 million associated with the 2016 Texas Events and the Fort McMurray Wildfire, which increased the Lloyd's segment combined ratio by 4.2 percentage points.

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$3.3 million during the first six months of 2016, compared to \$1.1 million during the first six months of 2015, was principally driven by actual reported loss activity coming in higher than expected, partially offset by a decrease in net claims and claim expenses related to small catastrophe events of \$1.9 million.

#### Net Investment Income

<u>Six months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Fixed maturity investments	\$ 82,097	\$ 59,730	\$ 22,367
Short term investments	2,227	494	1,733
Equity investments trading	2,528	4,517	(1,989)
Other investments			
Private equity investments	(5,002)	15,838	(20,840)
Other	8,344	4,182	4,162
Cash and cash equivalents	338	275	63
	<u>90,532</u>	<u>85,036</u>	<u>5,496</u>
Investment expenses	(7,545)	(6,725)	(820)
Net investment income	<u>\$ 82,987</u>	<u>\$ 78,311</u>	<u>\$ 4,676</u>

Net investment income was \$83.0 million in the first six months of 2016, compared to \$78.3 million in the first six months of 2015, an increase of \$4.7 million. Impacting our net investment income for the first six months of 2016 was higher net investment income in our portfolio of fixed maturity investments primarily driven by higher average invested assets, partially offset by lower returns in our portfolio of private equity investments principally driven by weaker returns within certain specific energy and credit-related private equity investments.

Low interest rates in recent years have lowered the yields at which we invest our assets relative to historical levels, and combined with the current composition of our investment portfolio and other factors, we expect these developments to constrain investment income growth for the near term. Our private equity and other investment portfolios are accounted for at fair value with the change in fair value recorded in net investment income, which included net unrealized losses of \$20.4 million in the first six months of 2016, compared to net unrealized gains of \$3.2 million in the first six months of 2015.

## Net Realized and Unrealized Gains on Investments

<u>Six months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Gross realized gains	\$ 40,411	\$ 30,204	\$ 10,207
Gross realized losses	(22,469)	(26,423)	3,954
Net realized gains on fixed maturity investments	17,942	3,781	14,161
Net unrealized gains (losses) on fixed maturity investments trading	129,736	(22,132)	151,868
Net realized and unrealized (losses) gains on investments-related derivatives	(28,600)	15,608	(44,208)
Net realized gains on equity investments trading	13,911	16,313	(2,402)
Net unrealized (losses) gains on equity investments trading	(1,564)	1,467	(3,031)
Net realized and unrealized gains on investments	<u>\$ 131,425</u>	<u>\$ 15,037</u>	<u>\$ 116,388</u>

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

Net realized and unrealized gains on investments were \$131.4 million in the first six months of 2016, compared to net realized and unrealized gains on investments of \$15.0 million in the first six months of 2015, an increase of \$116.4 million. Impacting our net realized and unrealized gains on investments was:

- net realized and unrealized gains on our fixed maturity investments trading of \$147.7 million in the first six months of 2016, compared to losses of \$18.4 million in the first six months of 2015, which was positively impacted by a decrease in U.S. treasury yields and a flattening of the yield curve during the first six months of 2016, partially offset by a corresponding increase of \$44.2 million in net realized and unrealized losses on certain investments-related derivatives to a loss of \$28.6 million; partially offset by
- net realized and unrealized losses on equity investments trading of \$12.3 million in the first six months of 2016, compared to net realized and unrealized gains of \$17.8 million in the first six months of 2015.

## Equity in Earnings of Other Ventures

<u>Six months ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
(in thousands)			
Top Layer Re	\$ 4,668	\$ 4,790	\$ (122)
Tower Hill Companies	4,097	7,305	(3,208)
Other	(1,132)	(640)	(492)
Total equity in earnings of other ventures	<u>\$ 7,633</u>	<u>\$ 11,455</u>	<u>\$ (3,822)</u>

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

Equity in earnings of other ventures was \$7.6 million in the first six months of 2016, compared to \$11.5 million in the first six months of 2015, with the decrease driven by lower profitability in the Tower Hill Companies. The carrying value of these investments on our consolidated balance sheets, individually or in the aggregate, may differ from the realized value we may ultimately attain, perhaps significantly so.

## Other Income

<u>Six months ended June 30,</u> (in thousands)	<u>2016</u>	<u>2015</u>	<u>Change</u>
Assumed and ceded reinsurance contracts accounted for as derivatives and deposits	\$ 7,331	\$ 2,479	\$ 4,852
Other items	(598)	487	(1,085)
Total other income	<u>\$ 6,733</u>	<u>\$ 2,966</u>	<u>\$ 3,767</u>

In the first six months of 2016, we generated other income of \$6.7 million, compared to other income of \$3.0 million in the first six months of 2015, with the increase driven by our assumed and ceded reinsurance contracts accounted for as derivatives and deposits.

## Corporate Expenses

<u>Six months ended June 30,</u> (in thousands)	<u>2016</u>	<u>2015</u>	<u>Change</u>
Total corporate expenses	<u>\$ 13,977</u>	<u>\$ 58,401</u>	<u>\$ (44,424)</u>

Corporate expenses include certain executive, director, legal and consulting expenses, costs for research and development, impairment charges related to goodwill and other intangible assets, and other miscellaneous costs, including those associated with operating as a publicly traded company. Corporate expenses decreased \$44.4 million to \$14.0 million in the first six months of 2016, compared to \$58.4 million in the first six months of 2015, primarily reflecting a decrease to \$1.8 million of corporate expenses associated with the acquisition and integration of Platinum incurred during the first six months of 2016, compared to \$48.2 million in the first six months of 2015.

## Income Tax (Expense) Benefit

<u>Six months ended June 30,</u> (in thousands)	<u>2016</u>	<u>2015</u>	<u>Change</u>
Income tax (expense) benefit	<u>\$ (9,356)</u>	<u>\$ 49,746</u>	<u>\$ (59,102)</u>

We recognized an income tax expense of \$9.4 million in the first six months of 2016, compared to a \$49.7 million income tax benefit in the first six months of 2015, an increase in income tax expense of \$59.1 million, primarily due to a decrease in our U.S.-based deferred tax asset valuation allowance from \$48.5 million to \$1.0 million in the first six months of 2015, as a result of expected profits in our U.S.-based operations due principally to the acquisition of Platinum.

## Net Income Attributable to Redeemable Noncontrolling Interests

<u>Six months ended June 30,</u> (in thousands)	<u>2016</u>	<u>2015</u>	<u>Change</u>
Net income attributable to redeemable noncontrolling interests	<u>\$ (75,226)</u>	<u>\$ (51,829)</u>	<u>\$ (23,397)</u>

Our net income attributable to redeemable noncontrolling interests was \$75.2 million in the first six months of 2016, compared to \$51.8 million in the first six months of 2015. The \$23.4 million increase in net income attributable to redeemable noncontrolling interests was principally due to an increase in the profitability of DaVinciRe. Our ownership in DaVinciRe was 24.0% at June 30, 2016, compared to 26.3% at June 30, 2015. We expect our ownership in DaVinciRe to fluctuate over time.

## LIQUIDITY AND CAPITAL RESOURCES

### Financial Condition

RenaissanceRe is a holding company, and we therefore rely on dividends from our subsidiaries and investment income to make principal and interest payments on our debt and to make dividend payments to our preference and common shareholders. The payment of dividends by our subsidiaries is, under certain circumstances, limited by the applicable laws and regulations in the various jurisdictions in which our subsidiaries operate, including among others, Bermuda, the U.S., the U.K. and Ireland. For example, insurance laws require our insurance subsidiaries to maintain certain measures of solvency and liquidity. The regulations governing the ability of us and our principal operating subsidiaries to pay dividends are discussed in detail in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Financial Condition" of our Form 10-K for the year ended December 31, 2015. During the six months ended June 30, 2016, RenaissanceRe's principal operating subsidiaries returned capital, which included dividends declared and return of capital, net of capital contributions received, of \$144.3 million (2015 - \$699.0 million).

In the aggregate, our operating subsidiaries have historically produced sufficient cash flows to meet their expected claims payments and operational expenses and to provide dividend payments to us. Our subsidiaries also maintain a concentration of investments in high quality liquid securities, which management believes will provide additional liquidity for extraordinary claims payments should the need arise. See "Capital Resources" section below.

### Group Supervision

The Bermuda Monetary Authority ("BMA") is our group supervisor. Under the Insurance Act 1978, amendments thereto and related regulations of Bermuda (collectively, the "Insurance Act"), we are required to maintain capital at a level equal to our enhanced capital requirement ("ECR"), which is established by reference to the Bermuda Solvency Capital Requirement (the "BSCR") model. The BSCR is a mathematical model designed to give the BMA robust methods for determining an insurer's capital adequacy. Underlying the BSCR is the belief that all insurers should operate on an ongoing basis with a view to maintaining their capital at a prudent level in excess of the minimum solvency margin otherwise prescribed under the Insurance Act. As of June 30, 2016, our ECR was 70% of the amount calculated using the group standardized risk-based capital model of the BMA. We are also subject to an early-warning level based on 120% of the ECR, which the BMA considers to be the target capital level, which may trigger additional reporting requirements or other enhanced oversight. As of June 30, 2016, our ECR ratio, calculated using the group standardized risk-based capital model of the BMA, was in excess of the target capital level. Our 2015 group BSCR was filed with the BMA in advance of the May 31, 2016 deadline, and we exceeded the target level of required statutory capital.

### Bermuda Subsidiaries

Bermuda regulations require approval from the BMA for any reduction of capital in excess of 15% of statutory capital, as defined in the Insurance Act. The Insurance Act also requires the Bermuda insurance subsidiaries of RenaissanceRe to maintain certain measures of solvency and liquidity. At June 30, 2016, the statutory capital and surplus of our Bermuda insurance subsidiaries exceeded the minimum amount required to be maintained under Bermuda law.

Under the Insurance Act, RenaissanceRe Specialty Risks and RenaissanceRe Specialty U.S. are defined as Class 3B insurers, and Renaissance Reinsurance, DaVinci and Platinum Bermuda are classified as Class 4 insurers, and must each maintain capital at a level equal to an ECR which is established by reference to the BSCR model. The 2015 BSCR for each of Renaissance Reinsurance, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S., DaVinci and Platinum Bermuda was filed with the BMA in advance of the April 30, 2016 deadline, and each company exceeded its respective target level of required capital.

In addition, audited annual financial statements prepared in accordance with GAAP for each of Renaissance Reinsurance, RenaissanceRe Specialty Risks, RenaissanceRe Specialty U.S., DaVinci and Platinum Bermuda are filed prior to April 30 of each year with the BMA and are available free of charge on the BMA's website.

### *U.K. Subsidiaries*

Underwriting capacity, or stamp capacity, of a member of Lloyd's must be supported by providing a deposit in the form of cash, securities or letters of credit, which are referred to as Funds at Lloyd's ("FAL"). This amount is determined by Lloyd's and is based on Syndicate 1458's solvency and capital requirement as calculated through its internal model. In addition, if the FAL are not sufficient to cover all losses, the Lloyd's Central Fund provides an additional level of security for policyholders. At June 30, 2016, the stamp capacity approved by Lloyd's for Syndicate 1458 was £293.3 million based on its business plan originally approved in November 2015 (December 31, 2015 - £293.3 million based on its business plan originally approved in November 2015). At June 30, 2016, the FAL required to support the underwriting activities at Lloyd's through Syndicate 1458 was £340.5 million (December 31, 2015 - £308.9 million). Actual FAL posted for Syndicate 1458 at June 30, 2016 by RenaissanceRe CCL is \$380.0 million and £90.0 million supported 100% by letters of credit (December 31, 2015 - \$360.0 million and £85.0 million).

### *U.S. Subsidiaries*

Renaissance Reinsurance U.S. is domiciled in Maryland, which has adopted the NAIC's model law which uses a risk-based capital ("RBC") model to monitor and regulate the solvency of licensed life, health, and property and casualty insurance and reinsurance companies. The RBC calculation is used to measure an insurer's capital adequacy with respect to: the risk characteristics of the insurer's premiums written and net claims and claim expenses, rate of growth and quality of assets, among other measures. At June 30, 2016, the statutory capital and surplus of Renaissance Reinsurance U.S. exceeded the minimum capital adequacy level required to be maintained under U.S. law.

Renaissance Reinsurance U.S. is subject to certain restrictions on its ability to pay dividends pursuant to Maryland law, including making appropriate filings with and obtaining certain approvals from its regulator. During 2016, Renaissance Reinsurance U.S. has an ordinary dividend capacity of \$26.0 million (2015 - \$27.2 million).

### *Top Layer Re*

Renaissance Reinsurance is obligated to make a mandatory capital contribution of up to \$50.0 million in the event that a loss reduces Top Layer Re's capital below a specified level.

## **Cash Flows and Liquidity**

### *Holding Company Liquidity*

As a Bermuda-domiciled holding company, RenaissanceRe has limited operations of its own and its assets consist primarily of investments in subsidiaries, and, to a degree, cash and securities in amounts which fluctuate over time. Accordingly, RenaissanceRe's future cash flows largely depend on the availability of dividends or other statutorily permissible payments from its subsidiaries. As discussed above, the ability to pay such dividends is limited by the applicable laws and regulations in the various jurisdictions in which our subsidiaries operate.

RenaissanceRe's principal uses of liquidity are: (1) common share related transactions including dividend payments to holders of its common shareholders as well as common share repurchases from time to time; (2) preference share related transactions including dividend payments to its preference shareholders as well as preference share redemptions from time to time; (3) interest and principal payments on debt; (4) capital investments in its subsidiaries; (5) acquisition of new or existing companies or businesses, such as our acquisition of Platinum; and (6) certain corporate and operating expenses.

We attempt to structure our organization such that it facilitates efficient capital movements between RenaissanceRe and its operating subsidiaries and to ensure that adequate liquidity is available when required, giving consideration to applicable laws and regulations, and the domiciliary location of sources of liquidity and related obligations.

### *Sources of Liquidity*

Historically, cash receipts from operations, consisting of premiums and investment income, generally have provided sufficient funds to pay losses as well as operating expenses of our subsidiaries and to fund

dividends to RenaissanceRe. The premiums received by our operating subsidiaries are generally received months or even years before losses are paid under the policies related to such premiums. Premiums and acquisition expenses are settled based on terms of trade as stipulated by an underwriting contract, and generally are received within the first two years of inception of a contract when the premium is written. Operating expenses are generally paid within a year of being incurred. Claims and claims expenses generally take a much longer time before they are reported and ultimately settled, requiring the establishment of reserves for claims and claim expenses. Therefore, the amount of claims paid in any one year is not necessarily related to the amount of net claims incurred in that year, as reported in the consolidated statement of operations.

As a result of the combination of current market conditions, lower investment yields, and the nature of our business where a large portion of the coverages we provide can produce losses of high severity and low frequency, it is not possible to accurately predict our future cash flows from operating activities. As a consequence, cash flows from operating activities may fluctuate, perhaps significantly, between individual quarters and years. Due to the magnitude and complexity of certain large loss events, meaningful uncertainty remains regarding losses from these events and our actual ultimate net losses from these events may vary from preliminary estimates, perhaps materially. As a result, our cash flows from operations would be impacted accordingly.

We maintain a “shelf” registration statement on Form S-3 under the Securities Act, allowing for the public offering of various types of securities, including, but not limited to, common shares, preferred shares and debt securities. Because we are “well-known seasoned issuer” as defined by the rules promulgated under the Securities Act, we are also eligible to file additional automatically effective registration statements on Form S-3 in the future for the potential offering and sale of an unlimited amount of debt and equity securities.

In addition, we maintain letter of credit facilities which provide liquidity. Refer to “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Capital Resources” in our Form 10-K for the year ended December 31, 2015 for details of these facilities.

#### Cash Flows

<b>Six months ended June 30,</b>	<b>2016</b>	<b>2015</b>
(in thousands)		
Net cash provided by (used in) operating activities	\$ 117,172	\$ (29,370)
Net cash provided by (used in) investing activities	175,557	(310,413)
Net cash (used in) provided by financing activities	(346,301)	219,119
Effect of exchange rate changes on foreign currency cash	2,208	(6,830)
Net decrease in cash and cash equivalents	(51,364)	(127,494)
Cash and cash equivalents, beginning of period	506,885	525,584
Cash and cash equivalents, end of period	<u>\$ 455,521</u>	<u>\$ 398,090</u>

#### 2016

During the six months ended June 30, 2016, our cash and cash equivalents decreased \$51.4 million, to \$455.5 million at June 30, 2016, compared to \$506.9 million at December 31, 2015.

*Cash flows provided by operating activities.* Cash flows provided by operating activities during the six months ended June 30, 2016 were \$117.2 million, compared to cash flows used in operating activities of \$29.4 million during the six months ended June 30, 2015. Cash flows provided by operating activities during the six months ended June 30, 2016 were primarily the result of certain adjustments to reconcile our net income of \$350.7 million to net cash provided by operating activities, including:

- an increase in premiums receivable and deferred acquisition costs of \$554.7 million and \$131.8 million, respectively, due to the increase in our gross premiums written;



- an increase of \$302.4 million in our prepaid reinsurance premiums due to the increase in our gross premiums ceded;
- an increase of \$87.5 million in our reinsurance recoverable;
- an increase in unearned premiums of \$629.0 million due to an increase in our gross premiums written and a \$229.7 million increase in reinsurance balances payable due to the timing of payments of our gross premiums ceded; and
- an increase in our reserve for claims and claim expenses of \$77.2 million as a result of claims and claims expenses incurred of \$386.9 million, partially offset by claims payments of \$309.7 million.

*Cash flows provided by investing activities.* During the six months ended June 30, 2016, our cash flows provided by investing activities were \$175.6 million, principally reflecting net sales of short term investments and equity investments trading of \$245.9 million and \$181.6 million, respectively, partially offset by net purchases of fixed maturity investments and other investments of \$199.2 million and \$52.8 million, respectively.

*Cash flows used in financing activities.* Our cash flows used in financing activities in the six months ended June 30, 2016 were \$346.3 million, and were principally the result of the settlement of \$265.0 million of common share repurchases, net outflows of \$43.9 million related to a net return of capital to third party shareholders, principally in DaVinciRe and Medici, and \$26.2 million and \$11.2 million of dividends paid on our common and preferred shares, respectively.

#### 2015

During the six months ended June 30, 2015, our cash and cash equivalents decreased \$127.5 million, to \$398.1 million at June 30, 2015, compared to \$525.6 million at December 31, 2014.

*Cash flows used in operating activities.* Cash flows used in operating activities during the six months ended June 30, 2015 were \$29.4 million, compared to cash flows provided by operating activities of \$173.4 million during the six months ended June 30, 2014. Cash flows used in operating activities during the six months ended June 30, 2015 were primarily the result of certain adjustments to reconcile our net income of \$304.1 million to net cash used in operating activities, including: an increase in premiums receivable and deferred acquisition costs of \$396.1 million and \$63.3 million, respectively, due to the increase in our gross premiums written, an increase of \$174.0 million in our prepaid reinsurance premiums due to the timing of our gross premiums ceded and a \$66.0 million increase in reinsurance recoverable driven by corresponding increases in our reserve for claims and claim expenses. Partially offsetting these outflows was an increase in unearned premiums of \$410.5 million due to an increase in our gross premiums written, an increase in our reserve for claims and claim expenses of \$37.3 million as a result of claims and claims expenses incurred of \$311.8 million, partially offset by claims payments of \$274.5 million, and a \$53.0 million increase in reinsurance balances payable due to the timing of payments of our gross premiums ceded. In addition, the other category of our consolidated statements of cash flows of \$122.5 million includes the change in our other liabilities, which, at December 31, 2014 included \$135.7 million of capital raised from third party investors and received by Upsilon RFO prior to December 31, 2014 for risks incepted during the first quarter of 2015, and subsequently deployed in Upsilon RFO during the first quarter of 2015.

*Cash flows used in investing activities.* During the six months ended June 30, 2015, our cash flows used in investing activities were \$310.4 million, principally reflecting the net purchase of Platinum of \$678.2 million, which is comprised of gross cash outflows of \$904.4 million, net of cash acquired of \$226.3 million and our net purchases of equity investments trading of \$166.5 million. Partially offsetting these outflows was our net sales and maturities of fixed maturity investments and net sales of short term investments of \$170.9 million and \$360.2 million, respectively. Refer to "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Summary Results of Operations and Liquidity and Capital Resources, Impact of Platinum Acquisition on Liquidity and Capital Resources" below, and "Note 3. Acquisition of Platinum in our Notes to Consolidated Financial Statements" in our Form 10-K for the year ended December 31, 2015, for additional information with respect to the acquisition of Platinum.

*Cash flows provided by financing activities.* Our cash flows provided by financing activities in the six months ended June 30, 2015 were \$219.1 million, and were principally the result of the issuance of \$300.0 million

of our 3.700% Senior Notes due 2025, net of expenses, of \$297.8 million, and the issuance of \$150.0 million of DaVinciRe's 4.750% Senior Notes due 2025, net of expenses, of \$147.8 million; partially offset by net outflows of \$187.1 million principally related to a return of capital to third party shareholders in DaVinciRe; and \$27.5 million and \$11.2 million of dividends paid on our common and preferred shares, respectively.

### Impact of Platinum Acquisition on Liquidity and Capital Resources

On March 2, 2015, we completed the acquisition of Platinum. The aggregate consideration for the transaction was \$1.93 billion, comprised of a special dividend of \$253.2 million paid by Platinum, the issuance of 7.4 million RenaissanceRe common shares valued at \$761.8 million, and cash consideration of \$904.4 million. We used a short term bridge loan to fund \$300.0 million of the cash consideration paid by us and on March 24, 2015, issued \$300.0 million of our 3.700% Senior Notes due 2025 (together with cash on hand) to replace the short term bridge loan used to fund part of the cash consideration. The remaining \$604.4 million of cash consideration was funded through our available funds.

We incurred \$1.8 million of corporate expenses associated with the acquisition and integration of Platinum in the six months ended June 30, 2016, in addition to \$53.5 million during the year ended December 31, 2015. We expect to incur some additional costs and expenses associated with the acquisition and integration of Platinum during the remainder of 2016.

Following the close of the acquisition of Platinum and execution of the actions noted above, we believe our operating subsidiaries have adequate capital resources in the aggregate, and the ability to produce sufficient cash flows to meet their expected claims payments and operational expenses and to provide dividend payments to RenaissanceRe. In turn, we anticipate RenaissanceRe will have adequate capital resources, or the access to capital resources, to meet our obligations, including but not limited to dividend payments to our common and preferred shareholders, interest payments on our senior notes and other liabilities, as they come due.

### Capital Resources

In the normal course of our operations, we may from time to time evaluate additional share or debt issuances given prevailing market conditions and capital management strategies, including for our operating subsidiaries and joint ventures. In addition, we enter into agreements with financial institutions to obtain letter of credit facilities for the benefit of our operating subsidiaries in their reinsurance and insurance business.

Our total shareholders' equity attributable to RenaissanceRe and debt is as follows:

	At June 30, 2016	At December 31, 2015	Change
<i>(in thousands)</i>			
Common shareholders' equity	\$ 4,303,217	\$ 4,332,184	\$ (28,967)
Preference shares	400,000	400,000	—
Total shareholders' equity attributable to RenaissanceRe	4,703,217	4,732,184	(28,967)
3.700% Senior Notes due 2025	296,762	296,577	185
5.75% Senior Notes due 2020	248,775	248,610	165
Series B 7.50% Senior Notes due 2017	261,774	268,196	(6,422)
4.750% Senior Notes due 2025 (DaVinciRe)	147,266	147,112	154
RenaissanceRe revolving credit facility – unborrowed	250,000	250,000	—
Total debt	\$ 1,204,577	\$ 1,210,495	\$ (5,918)
Total shareholders' equity attributable to RenaissanceRe and debt	\$ 5,907,794	\$ 5,942,679	\$ (34,885)

During the first six months of 2016, our total shareholders' equity attributable to RenaissanceRe and debt decreased by \$34.9 million, to \$5.9 billion.

Our shareholders' equity attributable to RenaissanceRe decreased \$29.0 million during the first six months of 2016 principally as a result of:

- our repurchase of 2.4 million shares in open market transactions at an aggregate cost of \$272.3 million, and at an average share price of \$112.50; and
- \$26.2 million and \$11.2 million of dividends on our common and preference shares, respectively; partially offset by
- our comprehensive income attributable to RenaissanceRe of \$275.7 million.

During the first six months of 2016, our debt decreased \$5.9 million, primarily driven by the amortization of deferred debt issuance costs and the fair value adjustment related to the assumption of the Series B 7.50% Senior Notes due 2017 in connection with the acquisition of Platinum.

The outstanding amounts drawn under each of our significant credit facilities is set forth below:

<b>At June 30, 2016</b>	<b>Issued or Drawn</b>
(in thousands)	
RenaissanceRe Revolving Credit Facility	\$ —
Uncommitted Standby Letter of Credit Facility with Wells Fargo	171,289
Uncommitted Standby Letter of Credit Facility with NAB	4,581
Bilateral Letter of Credit Facility with Citibank Europe	213,896
<b>Funds at Lloyd's Letter of Credit Facilities</b>	
Renaissance Reinsurance	380,000
RenaissanceRe Specialty Risks	8,005
Total credit facilities in U.S. dollars	<u>\$ 777,771</u>
<b>Funds at Lloyd's Letter of Credit Facilities</b>	<b>£ 90,000</b>
Total credit facilities in pound sterling	<u>£ 90,000</u>

There have been no material changes to our credit facilities as disclosed in our Form 10-K for the year ended December 31, 2015. Effective May 31, 2016, the Funds at Lloyd's letters of credit issued for the account of Renaissance Reinsurance were increased from \$360.0 million and £85.0 million at December 31, 2015 to \$380.0 million and £90.0 million, respectively. For additional information related to the terms of our significant credit facilities, see "Note 10. Debt and Credit Facilities in our Notes to Consolidated Financial Statements" in our Form 10-K for the year ended December 31, 2015.

#### *Multi-Beneficiary Reinsurance Trusts*

Assets held under trust at June 30, 2016 with respect to our multi-beneficiary reinsurance trusts totaled \$496.9 million and \$138.8 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of \$343.4 million and \$110.0 million, respectively.

#### *Multi-Beneficiary Reduced Collateral Reinsurance Trusts*

Assets held under trust at June 30, 2016 with respect to our multi-beneficiary reduced collateral reinsurance trusts totaled \$41.8 million and \$19.4 million for Renaissance Reinsurance and DaVinci, respectively, compared to the minimum amount required under U.S. state regulations of \$14.9 million and \$12.2 million, respectively.

#### *Redeemable Noncontrolling Interest – DaVinciRe*

Our noncontrolling economic ownership in DaVinciRe was 24.0% at June 30, 2016 (December 31, 2015 - 26.3%). Refer to "Note 6. Noncontrolling Interests in our Notes to the Consolidated Financial Statements" for additional information regarding DaVinciRe.

## Ratings

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

The ratings of our principal operating subsidiaries and joint ventures and the Enterprise Risk Management rating of RenaissanceRe as of July 25, 2016 are presented below.

	A.M. Best	S&P	Moody's	Fitch
Renaissance Reinsurance (1)	A+	AA-	A1	A+
DaVinci (1)	A	AA-	A3	—
Platinum Bermuda (1)	A	A-	—	—
Renaissance Reinsurance U.S. (1)	A	A+	—	—
RenaissanceRe Specialty Risks (1)	A	A+	—	—
RenaissanceRe Specialty U.S. (1)	A	A+	—	—
Renaissance Reinsurance of Europe (1)	A+	AA-	—	—
Top Layer Re (1)	A+	AA	—	—
Syndicate 1458	—	—	—	—
Lloyd's Overall Market Rating (2)	A	A+	—	AA-
RenaissanceRe (3)	—	Very Strong	—	—

(1) The A.M. Best, S&P, Moody's and Fitch ratings for these companies reflect the insurer's financial strength rating and, in addition to the insurer's financial strength rating, the S&P ratings reflect the insurer's issuer credit rating.

(2) The A.M. Best, S&P and Fitch ratings for the Lloyd's Overall Market Rating represent its financial strength rating.

(3) The S&P rating for RenaissanceRe represents the rating on its Enterprise Risk Management practices.

## Reserve for Claims and Claim Expenses

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

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

<b>At June 30, 2016</b>	<b>Case Reserves</b>	<b>Additional Case Reserves</b>	<b>IBNR</b>	<b>Total</b>
(in thousands)				
Catastrophe Reinsurance	\$ 210,686	\$ 175,022	\$ 183,196	\$ 568,904
Specialty Reinsurance	532,590	130,255	1,150,158	1,813,003
Lloyd's	91,755	27,908	311,673	431,336
Other	6,332	—	24,668	31,000
<b>Total</b>	<b>\$ 841,363</b>	<b>\$ 333,185</b>	<b>\$ 1,669,695</b>	<b>\$ 2,844,243</b>
<b>December 31, 2015</b>				
(in thousands)				
Catastrophe Reinsurance	\$ 237,345	\$ 146,969	\$ 179,947	\$ 564,261
Specialty Reinsurance	529,952	126,650	1,148,015	1,804,617
Lloyd's	84,964	22,085	263,440	370,489
Other	2,071	—	25,607	27,678
<b>Total</b>	<b>\$ 854,332</b>	<b>\$ 295,704</b>	<b>\$ 1,617,009</b>	<b>\$ 2,767,045</b>

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

<b>Six months ended June 30,</b>	<b>2016</b>	<b>2015</b>
(in thousands)		
Net reserves, beginning of period	\$ 2,632,519	\$ 1,345,816
Net incurred related to:		
Current year	325,214	301,418
Prior years	(30,859)	(55,221)
Total net incurred	294,355	246,197
Net paid related to:		
Current year	11,070	50,497
Prior years	293,567	224,449
Total net paid	304,637	274,946
Amounts acquired (1)	—	1,394,117
Net reserves, end of period	2,622,237	2,711,184
Reinsurance recoverable, end of period	222,006	136,464
Gross reserves, end of period	<b>\$ 2,844,243</b>	<b>\$ 2,847,648</b>

(1) Represents the fair value of Platinum's reserve for claims and claim expenses and reinsurance recoverable acquired at March 2, 2015.

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

Reserving for our reinsurance claims involves other uncertainties, such as the dependence on information from ceding companies, which among other matters, includes the time lag inherent in reporting information from the primary insurer to us or to our ceding companies and differing reserving practices among ceding companies. The information received from ceding companies is typically in the form of bordereaux, broker notifications of loss and/or discussions with ceding companies or their brokers. This information may be

received on a monthly, quarterly or transactional basis and normally includes paid claims and estimates of case reserves. We sometimes also receive an estimate or provision for IBNR. This information is often updated and adjusted from time to time during the loss settlement period as new data or facts in respect of initial claims, client accounts, industry or event trends may be reported or emerge in addition to changes in applicable statutory and case laws.

Our estimates of losses from large events are based on factors including currently available information derived from our claims information from certain customers and brokers, industry assessments of losses from the events, proprietary models, and the terms and conditions of our contracts. The uncertainty of our estimates for large events is also impacted by the preliminary nature of the information available, the magnitude and relative infrequency of the events, the expected duration of the respective claims development period, inadequacies in the data provided to the relevant date by industry participants and the potential for further reporting lags or insufficiencies; and in certain large events, significant uncertainty as to the form of the claims and legal issues, under the relevant terms of insurance and reinsurance contracts. In addition, a significant portion of the net claims and claim expenses associated with certain large events can be concentrated with a few large clients and therefore the loss estimates for these events may vary significantly based on the claims experience of those clients. Loss reserve estimation in respect of our retrocessional contracts poses further challenges compared to directly assumed reinsurance. The contingent nature of business interruption and other exposures will also impact losses in a meaningful way, which we believe may give rise to significant complexity in respect of claims handling, claims adjustment and other coverage issues, over time. Given the magnitude of certain large events, there can be meaningful uncertainty regarding total covered losses for the insurance industry and, accordingly, several of the key assumptions underlying our loss estimates. In addition, our actual net losses from these events may increase if our reinsurers or other obligors fail to meet their obligations.

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

We use statistical and actuarial methods to estimate ultimate expected claims and claim expenses. The period of time from the reporting of a claim to us and the settlement of our liability may be many years. During this period, additional facts and trends will be revealed. As these factors become apparent, case reserves will be adjusted, sometimes requiring an increase or decrease in the overall reserve for claims and claim expenses, and at other times requiring a reallocation of IBNR reserves to specific case reserves or additional case reserves. These estimates are reviewed regularly, and such adjustments, if any, are reflected in the results of operations in the period in which they become known and are accounted for as changes in estimates. Adjustments to our reserve for claims and claim expenses can impact current year net income (loss) by increasing net income or decreasing net loss if the estimates of prior year claims and claim expense reserves prove to be overstated or by decreasing net income or increasing net loss if the estimates of prior year claims and claim expense reserves prove to be insufficient.

Our estimates of claims and claim expense reserves are not precise in that, among other matters, they are based on predictions of future developments and estimates of future trends and other variable factors. Some, but not all, of our reserves are further subject to the uncertainty inherent in actuarial methodologies and estimates. Because a reserve estimate is simply an insurer's estimate at a point in time of its ultimate liability, and because there are numerous factors which affect reserves and claims payments that cannot be determined with certainty in advance, our ultimate payments will vary, perhaps materially, from our estimates of reserves. If we determine in a subsequent period that adjustments to our previously established reserves are appropriate, such adjustments are recorded in the period in which they are identified. As detailed in the table and discussed in further detail below, changes to prior years estimated claims reserves increased our net income by \$30.9 million during the first six months of 2016 (2015 - \$55.2 million), excluding the consideration of changes in reinstatement premium, profit commissions, redeemable noncontrolling interest, equity in net claims and claim expenses of Top Layer Re and income tax.

The following table details our prior years development by segment of its liability for unpaid claims and claim expenses:

<b>Six months ended June 30,</b> (in thousands)	(Favorable) adverse development	
	2016	2015
Catastrophe Reinsurance	\$ (20,253)	\$ (28,488)
Specialty Reinsurance	(13,942)	(27,929)
Lloyd's	3,333	1,145
Other	3	51
Total	<u>\$ (30,859)</u>	<u>\$ (55,221)</u>

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

#### **Catastrophe Reinsurance Segment**

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

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

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

Reserving for most of our property catastrophe reinsurance business does not involve the use of traditional actuarial techniques. Rather, claims and claim expense reserves are estimated by management after a catastrophe occurs by completing an in-depth analysis of the individual contracts which may potentially be

impacted by the catastrophic event. The in-depth analysis generally involves: (1) estimating the size of insured industry losses from the catastrophic event; (2) reviewing our portfolio of reinsurance contracts to identify those contracts which are exposed to the catastrophic event; (3) reviewing information reported by customers and brokers; (4) discussing the event with our customers and brokers; and (5) estimating the ultimate expected cost to settle all claims and administrative costs arising from the catastrophic event on a contract-by-contract basis and in aggregate for the event. Once an event has occurred, during the then current reporting period we record our best estimate of the ultimate expected cost to settle all claims arising from the event. Our estimate of claims and claim expense reserves is then determined by deducting cumulative paid losses from our estimate of the ultimate expected loss for an event and our estimate of IBNR is determined by deducting cumulative paid losses, case reserves and additional case reserves from our estimate of the ultimate expected loss for an event. Once we receive a notice of loss or payment request under a catastrophe reinsurance contract, we are generally able to process and pay such claims promptly.

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

For smaller events including localized severe weather events such as windstorms, hail, ice, snow, flooding, freezing and tornadoes, which are not necessarily prominent, public occurrences, we initially place greater reliance on catastrophe bulletins published by statistical reporting agencies to assist us in determining what events occurred during the reporting period than we do for large events. This includes reviewing catastrophe bulletins published by Property Claim Services ("PCS") for U.S. catastrophes. We set our initial estimates of reserves for claims and claim expenses for these smaller events based on a combination of our historical market share for these types of losses and the estimate of the total insured industry property losses as reported by statistical reporting agencies, although we may make significant adjustments based on our current exposure to the geographic region involved as well as the size of the loss and the peril involved. This approach supplements our approach for estimating losses for larger catastrophes, which as discussed above, includes discussions with brokers and ceding companies, reviewing individual contracts impacted by the event, and modeling the loss in our REMS© system. Approximately one year from the date of loss for these small events, we estimate IBNR for these events by using the paid Bornhuetter-Ferguson actuarial method. The loss development factors for the paid Bornhuetter-Ferguson actuarial method are selected based on a review of our historical experience and these factors are reviewed at least annually. There were no significant changes to our paid loss development factors during the three-month period represented by this Form 10-Q.

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



*Prior Year Development of Reserve for Net Claims and Claim Expenses*

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

The following table details the development of our liability for unpaid claims and claim expenses for the Catastrophe Reinsurance segment for the six months ended June 30, 2016:

<b>Six months ended June 30, 2016</b>	<b>Catastrophe Reinsurance Segment</b>
(in thousands)	(Favorable) adverse development
<b>Catastrophe net claims and claim expenses</b>	
<i>Large catastrophe events</i>	
April and May U.S. Tornadoes (2011)	\$ (1,408)
New Zealand Earthquake (2010)	2,962
Other	(67)
<i>Total large catastrophe events</i>	<u>1,487</u>
<i>Small catastrophe events</i>	
Q2 2015 PCS Events	(9,729)
U.S. PCS 13/14 Wind and Thunderstorm (2013)	(6,260)
Other	(5,751)
<i>Total small catastrophe events</i>	<u>(21,740)</u>
<b>Total catastrophe net claims and claim expenses</b>	<u>(20,253)</u>
<b>Total favorable development of prior accident years net claims and claim expenses</b>	<u>\$ (20,253)</u>

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the six months ended June 30, 2016 of \$20.3 million was principally driven by \$21.7 million of favorable development primarily attributable to a number of relatively small catastrophe events, partially offset by adverse development of \$3.0 million related to the 2010 New Zealand Earthquake, each principally the result of changes in our estimated ultimate loss for the respective event.

The following table details the development of our liability for unpaid claims and claim expenses for the Catastrophe Reinsurance segment for the six months ended June 30, 2015:

<u>Six months ended June 30, 2015</u>	<b>Catastrophe Reinsurance Segment</b>
(in thousands)	(Favorable) adverse development
<b>Catastrophe net claims and claim expenses</b>	
<i>Large catastrophe events</i>	
Thailand Floods (2011)	\$ (13,299)
Tohoku Earthquake and Tsunami (2011)	(5,337)
New Zealand Earthquake (2011)	22,523
Total 2011 International Events	3,887
April and May U.S. Tornadoes (2011)	(5,305)
Hurricanes Gustav and Ike (2008)	(2,887)
Storm Sandy (2012)	(1,547)
New Zealand Earthquake (2010)	876
Other	(3,330)
<i>Total large catastrophe events</i>	(8,306)
<i>Small catastrophe events</i>	
U.S. Winter Storms and Wind and Thunderstorm Events (2014)	(16,285)
Other	(3,897)
<i>Total small catastrophe events</i>	(20,182)
<b>Total catastrophe net claims and claim expenses</b>	<b>(28,488)</b>
<b>Total favorable development of prior accident years net claims and claim expenses</b>	<b>\$ (28,488)</b>

The favorable development of prior accident years net claims and claim expenses within our Catastrophe Reinsurance segment in the six months ended June 30, 2015 of \$28.5 million was principally driven by \$16.3 million related to 2014 U.S. winter storms and wind and thunderstorm events, \$5.3 million related to the April and May 2011 U.S. Tornadoes, \$2.9 million related to the 2008 Hurricanes (Gustav and Ike) and \$7.9 million related to a number of other catastrophe events, each principally the result of changes in our estimated ultimate loss for the respective event. Net adverse development of prior accident years net claims and claim expenses related to the 2011 New Zealand Earthquakes, the 2011 Thailand Floods and the 2011 Tohoku Earthquake and Tsunami (collectively the "2011 International Events") was \$3.9 million and included reductions in reported losses on the 2011 Thailand Floods and Tohoku Earthquake and Tsunami, offset by a net increase in reported losses on the 2011 New Zealand Earthquakes, with each respective movement in the 2011 International Events principally driven by the same counterparties re-allocating losses between these events.

#### **Specialty Reinsurance Segment**

Within our Specialty Reinsurance segment, we write various classes of casualty business, such as automobile liability, casualty clash, catastrophe exposed workers' compensation, cyber liability, directors and officers liability, environmental liability, general liability, medical malpractice and professional indemnity, and other specialty lines of reinsurance such as accident and health, agriculture, aviation, financial guaranty, marine and energy, mortgage guaranty, multi-line regional, political risk, property, surety, terrorism and trade credit, which we collectively refer to as specialty reinsurance. We offer our specialty reinsurance products principally on an excess of loss basis, as described above with respect to our property catastrophe reinsurance products, and we also provide proportional coverage, which we expect to grow on an absolute and relative basis within this segment in the future. In a proportional reinsurance arrangement (also referred to as quota share reinsurance or pro rata reinsurance), the reinsurer shares a proportional part of the

original premiums and losses of the reinsured. We offer our specialty reinsurance products to insurance and reinsurance companies and provide coverage for specific geographic regions or on a worldwide basis.

Historically, our Specialty Reinsurance segment has been characterized as providing coverage for low frequency and high severity losses, similar to our property catastrophe reinsurance business. As with our property catastrophe reinsurance business, our specialty reinsurance contracts frequently provide coverage for relatively large limits or exposures. As a result of the foregoing, our specialty reinsurance business is subject to significant claims volatility. In periods of low claims frequency or severity, our results will generally be favorably impacted while in periods of high claims frequency or severity our results will generally be negatively impacted.

More recently, we have positioned our Specialty Reinsurance segment to accept a wider range of quota share or proportional risks, facilitating our efforts to expand trading relationships with core clients via separate, highly-rated balance sheets. In addition, on March 2, 2015 we acquired Platinum and recorded \$1.4 billion of claims and claim expense reserves related to the acquisition, of which \$1.3 billion was recorded in our Specialty Reinsurance segment, with the balance recorded in our Catastrophe Reinsurance segment. While we remain focused on underwriting discipline, and are seeking to remain focused on opportunities amenable to stochastic representation and supported by strong data and analytics, our expanded product suite and the addition of the claims and claim expense reserves acquired through the Platinum transaction, may pose new, unmodelled or unforeseen risks for which we may not be adequately compensated and may also result in a higher frequency of claims and claim expenses, or an increased aggregate incidence of event driven loss activity, and the greater potential for reserve development, either adverse or favorable.

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

We calculate multiple point estimates for claims and claim expense reserves using a variety of actuarial reserving techniques for many, but not all, of our classes of business for each underwriting year within our Specialty Reinsurance segment. We do not believe that these multiple point estimates are, or should be considered a range. We consider each class of business and determine the most appropriate point estimate for each underwriting year based on the characteristics of the particular class including: (1) loss development patterns derived from historical data; (2) the credibility of the selected loss development pattern; (3) the stability of the loss development patterns; (4) how developed the underwriting year is; and (5) the observed loss development of other underwriting years for the same class. We also consider other relevant factors, including: (1) historical ultimate loss ratios; (2) the presence of individual large losses; and (3) known occurrences that have not yet resulted in reported losses. We make determinations of the most appropriate point estimate of loss for each class based on an evaluation of relevant information and do not ascribe any particular portion of the estimate to a particular factor or consideration. In addition, we believe that a review of individual contract information improves the loss estimates for some classes of business.

When developing our claims and claims expense reserves for our Specialty Reinsurance segment, we consider several actuarial techniques such as the expected loss ratio method, the Bornhuetter-Ferguson actuarial method and the paid and reported chain ladder actuarial method. For classes of business where we lack significant historical claims experience, we principally use the Bornhuetter-Ferguson actuarial method. This method allows for greater weight to be applied to expected results in periods where little or no actual experience is available, and, hence, is less susceptible to the potential pitfall of being excessively swayed by one year or one quarter of actual paid and/or reported loss data. This method uses initial expected loss ratio expectations to the extent that the expected paid or reported losses are zero, and it assumes that past experience is not fully representative of the future. As our reserves for claims and claim expenses age, and actual claims experience becomes available, this method places less weight on expected experience and places more weight on actual experience. This experience, which represents the

difference between expected reported claims and actual reported claims, is reflected in the respective reporting period as a change in estimate.

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

For classes of business where we have significant historical claims experience, estimates of ultimate losses that are not related to a specific event are generally initially determined based on the loss ratio method applied to each underwriting year and to each class of business. The selected ultimate losses are determined by multiplying the initial expected loss ratio by the earned premium. The initial expected loss ratios are key inputs that involve management judgment and are based on a variety of factors, including: (1) contract by contract expected loss ratios developed during our pricing process; and (2) our historical loss ratios and combined ratios adjusted for rate change and trend. These judgments take into account management's view of past, current and future factors that may influence ultimate losses, including: (1) market conditions; (2) changes in the business underwritten; (3) changes in timing of the emergence of claims; and (4) other factors that may influence ultimate loss ratios and losses.

The determination of when reported losses are sufficient and credible to warrant selection of an ultimate loss ratio different from the initial expected loss ratios also requires judgment. We generally make adjustments for reported loss experience indicating unfavorable variances from initial expected loss ratios sooner than reported loss experience indicating favorable variances. This is because the reporting of losses in excess of expectations tends to have greater credibility than an absence or lower than expected level of reported losses. Over time, as a greater number of claims are reported and the credibility of reported losses improves, actuarial estimates of IBNR are based on the Bornhuetter-Ferguson actuarial method, as discussed above, and the reported chain ladder actuarial method.

The reported chain ladder actuarial method utilizes actual reported losses and a loss development pattern to determine an estimate of ultimate losses that is independent of the initial expected ultimate loss ratio and earned premium. We believe this technique is most appropriate when there are a large number of reported losses with significant statistical credibility and a relatively stable loss development pattern. Loss development patterns are determined utilizing actuarial analysis, including management's judgment, and are based on historical patterns of paid losses and reporting of case reserves to us, as well as industry loss development patterns. Information that may cause future loss development patterns to differ from historical loss development patterns is considered and reflected in our selected loss development patterns as appropriate. For certain reinsurance contracts, historical loss development patterns may be developed from ceding company data or other sources.

In addition, certain of our specialty reinsurance coverages may be impacted by natural and man-made catastrophes. We estimate claim reserves for these losses after the event giving rise to these losses occurs, following a process that is similar to our Catastrophe Reinsurance segment described above.

#### *Prior Year Development of Reserve for Net Claims and Claim Expenses*

Within our specialty reinsurance business, we seek to review substantially all of our claims and claim expense reserves quarterly. Typically, our quarterly review procedures include reviewing paid and reported claims in the most recent reporting period, reviewing the development of paid and reported claims from prior periods, and reviewing our overall experience by underwriting year and in the aggregate. We monitor our expected ultimate claims and claim expense ratios and expected loss reporting assumptions on a quarterly basis and compare them to our actual experience. Our actuarial assumptions are generally reviewed annually, based on input from our actuaries, underwriters, claims personnel and finance professionals, although adjustments may be made more frequently if needed. Assumption changes are made to adjust for

changes in the pricing and terms of coverage we provide, changes in industry results for similar business, as well as our actual experience, to the extent we have enough data to rely on our own experience. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified.

The following table details the development of our liability for unpaid claims and claim expenses for our Specialty Reinsurance segment for the six months ended June 30, 2016 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

<b>Six months ended June 30, 2016</b>	<b>Specialty Reinsurance Segment</b>
(in thousands)	(Favorable) adverse development
<b>Catastrophe net claims and claim expenses</b>	
<i>Large catastrophe events</i>	
Other	\$ 2,379
<b>Total catastrophe net claims and claim expenses</b>	<b>2,379</b>
<b>Attritional net claims and claim expenses</b>	
Actual reported claims less than expected claims	(10,203)
Actuarial assumption changes	(6,118)
<b>Total attritional net claims and claim expenses</b>	<b>(16,321)</b>
<b>Total favorable development of prior accident years net claims and claim expenses</b>	<b>\$ (13,942)</b>

The net favorable development in our Specialty Reinsurance segment on prior accident years net claims and claim expenses of \$13.9 million in the first six months of 2016 was principally driven by actual reported losses coming in better than expected on attritional net claims and claim expenses and \$6.1 million of favorable development associated with actuarial assumption changes.

The following table details the development of our liability for unpaid claims and claim expenses for our Specialty Reinsurance segment for the six months ended June 30, 2015 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

<b>Six months ended June 30, 2015</b>	<b>Specialty Reinsurance Segment</b>
(in thousands)	(Favorable) adverse development
<b>Catastrophe net claims and claim expenses</b>	
<i>Large catastrophe events</i>	
New Zealand Earthquake (2010)	\$ 326
Subprime (2007)	8,407
Other	(453)
<i>Total large catastrophe events</i>	8,280
<b>Total catastrophe net claims and claim expenses</b>	<b>8,280</b>
<b>Attritional net claims and claim expenses</b>	
Actual reported claims less than expected claims	(39,131)
Actuarial assumption changes	2,922
<b>Total attritional net claims and claim expenses</b>	<b>(36,209)</b>
<b>Total favorable development of prior accident years net claims and claim expenses</b>	<b>\$ (27,929)</b>

The net favorable development of prior accident years net claims and claim expenses within our Specialty Reinsurance segment in the six months ended June 30, 2015 of \$27.9 million was primarily driven by net

reported claims coming in lower than expected on prior accident years events, partially offset by adverse development of \$2.9 million associated with actuarial assumption changes and \$8.4 million associated with sub-prime related casualty losses from 2007 as a result of an increase in reported losses from a specific cedant.

### Lloyd's Segment

Our Lloyd's segment includes insurance and reinsurance business written for our own account through Syndicate 1458. Syndicate 1458 offers a range of property and casualty insurance and reinsurance products including, but not limited to, direct and facultative property, property catastrophe, agriculture, medical malpractice, general liability and professional indemnity. Syndicate 1458 also writes business through delegated authority arrangements.

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

#### Prior Year Development of Reserve for Net Claims and Claim Expenses

The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd's segment for the six months ended June 30, 2016 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

<u>Six months ended June 30, 2016</u>	<u>Lloyd's Segment</u>
(in thousands)	(Favorable) adverse development
<b>Catastrophe net claims and claim expenses</b>	
<i>Small catastrophe events</i>	
Other	\$ (1,916)
<i>Total small catastrophe events</i>	(1,916)
<b>Total catastrophe net claims and claim expenses</b>	<b>(1,916)</b>
<b>Attritional net claims and claim expenses</b>	
Actual reported claims higher than expected claims	5,066
Actuarial assumption changes	183
<b>Total attritional net claims and claim expenses</b>	<b>5,249</b>
<b>Total adverse development of prior accident years net claims and claim expenses</b>	<b>\$ 3,333</b>

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$3.3 million during the six months ended June 30, 2016 was principally driven by actual reported loss activity coming in higher than expected, partially offset by a decrease in net claims and claim expenses related to small catastrophe events of \$1.9 million.

The following table details the development of our liability for unpaid claims and claim expenses for our Lloyd's segment for the six months ended June 30, 2015 split between catastrophe net claims and claim expenses and attritional net claims and claim expenses:

<b>Six months ended June 30, 2015</b>	<b>Lloyd's Segment</b>
(in thousands)	(Favorable) adverse development
<b>Catastrophe net claims and claim expenses</b>	
<i>Small catastrophe events</i>	
Other	\$ 3,410
<i>Total small catastrophe events</i>	
	3,410
<b>Total catastrophe net claims and claim expenses</b>	<b>3,410</b>
<b>Attritional net claims and claim expenses</b>	
Actual reported claims higher than expected claims	(730)
Actuarial assumption changes	(1,535)
<b>Total attritional net claims and claim expenses</b>	<b>(2,265)</b>
<b>Total adverse development of prior accident years net claims and claim expenses</b>	<b>\$ 1,145</b>

The adverse development of prior accident years net claims and claim expenses within our Lloyd's segment of \$1.1 million during the six months ended June 30, 2015 was principally driven by an increase in net claims and claim expenses related to small catastrophe events of \$3.4 million, partially offset by \$1.5 million of favorable development associated with actuarial assumption changes.

## Investments

The table below shows our invested assets:

	June 30, 2016		December 31, 2015		Change
(in thousands, except percentages)					
U.S. treasuries	\$ 2,660,051	29.5%	\$ 2,064,944	23.0%	\$ 595,107
Agencies	126,549	1.4%	137,976	1.5%	(11,427)
Municipal	561,456	6.2%	583,282	6.5%	(21,826)
Non-U.S. government (Sovereign debt)	313,699	3.5%	334,981	3.7%	(21,282)
Non-U.S. government-backed corporate	157,606	1.7%	138,994	1.5%	18,612
Corporate	1,840,407	20.5%	2,055,323	22.9%	(214,916)
Agency mortgage-backed	513,666	5.7%	504,518	5.6%	9,148
Non-agency mortgage-backed	258,507	2.8%	270,763	3.0%	(12,256)
Commercial mortgage-backed	503,475	5.6%	561,496	6.2%	(58,021)
Asset-backed	150,147	1.7%	130,541	1.4%	19,606
Total fixed maturity investments, at fair value	7,085,563	78.6%	6,782,818	75.3%	302,745
Short term investments, at fair value	1,000,206	11.1%	1,208,401	13.4%	(208,195)
Equity investments trading, at fair value	301,298	3.4%	393,877	4.4%	(92,579)
Other investments, at fair value	489,702	5.4%	481,621	5.4%	8,081
Total managed investment portfolio	8,876,769	98.5%	8,866,717	98.5%	10,052
Investments in other ventures, under equity method	133,448	1.5%	132,351	1.5%	1,097
Total investments	\$ 9,010,217	100.0%	\$ 8,999,068	100.0%	\$ 11,149

At June 30, 2016, we held investments totaling \$9.0 billion, compared to \$9.0 billion at December 31, 2015, with net unrealized appreciation included in accumulated other comprehensive income of \$2.3 million at June 30, 2016, compared to \$2.1 million at December 31, 2015. Our investment guidelines stress preservation of capital, market liquidity, and diversification of risk. Notwithstanding the foregoing, our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. Refer to "Note 4. Fair Value Measurements in our Notes to the Consolidated Financial Statements" for additional information regarding the fair value of measurement of our investments.

As the reinsurance coverages we sell include substantial protection for damages resulting from natural and man-made catastrophes, we expect from time to time to become liable for substantial claim payments on short notice. Accordingly, our investment portfolio as a whole is structured to seek to preserve capital and provide a high level of liquidity, which means that the large majority of our investment portfolio consists of highly rated fixed income securities, including U.S. treasuries, agencies, municipals, highly rated sovereign and supranational securities, high-grade corporate securities and mortgage-backed and asset-backed securities. We also have an allocation to publicly traded equities reflected on our consolidated balance sheet as equity investments trading and an allocation to other investments (including catastrophe bonds, private equity partnerships, a senior secured bank loan fund, hedge funds, and other investments). At June 30, 2016, our portfolio of equity investments trading totaled \$301.3 million, or 3.4%, of our total investments (December 31, 2015 - \$393.9 million or 4.4%) inclusive of our investment in Essent Group Ltd. of \$123.6 million (December 31, 2015 - \$102.1 million). During the six months ended June 30, 2016, we purchased an additional 1.0 million common shares of Essent. Our portfolio of other investments totaled \$489.7 million, or 5.4%, of our total investments at June 30, 2016 (December 31, 2015 - \$481.6 million or 5.4%).



### Other Investments

The table below shows our portfolio of other investments:

(in thousands)	June 30, 2016	December 31, 2015	Change
Catastrophe bonds	\$ 275,553	\$ 241,253	\$ 34,300
Private equity partnerships	190,316	214,848	(24,532)
Senior secured bank loan fund	22,212	23,231	(1,019)
Hedge funds	1,621	2,289	(668)
<b>Total other investments</b>	<b>\$ 489,702</b>	<b>\$ 481,621</b>	<b>\$ 8,081</b>

We account for our other investments at fair value in accordance with FASB ASC Topic *Financial Instruments*. The fair value of certain of our fund investments, which principally include private equity funds, a senior secured bank loan fund and hedge funds, is recorded on our balance sheet in other investments, and is generally established on the basis of the net valuation criteria established by the managers of such investments, if applicable. The net valuation criteria established by the managers of such investments is established in accordance with the governing documents of such investments. Many of our fund investments are subject to restrictions on redemptions and sales which are determined by the governing documents and limit our ability to liquidate these investments in the short term.

Some of our fund managers and fund administrators are unable to provide final fund valuations as of our current reporting date. We typically experience a reporting lag to receive a final net asset value report of one month for our hedge funds and senior secured bank loan funds and three months for private equity funds, although we have occasionally experienced delays of up to six months at year end, as the private equity funds typically complete their year-end audits before releasing their final net asset value statements.

In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, we estimate the fair value of these funds by starting with the prior month or quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, and the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which we estimate the return for the current period, all information available to us is utilized. This principally includes using preliminary estimates reported to us by our fund managers, obtaining the valuation of underlying portfolio investments where such underlying investments are publicly traded and therefore have a readily observable price, using information that is available to us with respect to the underlying investments, reviewing various indices for similar investments or asset classes, and estimating returns based on the results of similar types of investments for which we have obtained reported results, or other valuation methods, where possible. Actual final fund valuations may differ, perhaps materially so, from our estimates and these differences are recorded in our consolidated statement of operations in the period in which they are reported to us as a change in estimate. Included in net investment income for the six months ended June 30, 2016 is a loss of \$3.4 million (2015 - loss of \$2.5 million) representing the change in estimate during the period related to the difference between our estimated net investment income due to the lag in reporting discussed above and the actual amount as reported in the final net asset values provided by our fund managers.

Our estimate of the fair value of catastrophe bonds is based on quoted market prices, or when such prices are not available, by reference to broker or underwriter bid indications. Refer to "Note 4. Fair Value Measurements in our Notes to the Consolidated Financial Statements" for additional information regarding the fair value of measurement of our investments.

Interest income, income distributions and realized and unrealized gains (losses) on other investments are included in net investment income and resulted in net investment income of \$3.3 million for the six months ended June 30, 2016 (2015 - net investment income of \$20.0 million). Of this amount, \$20.4 million related to net unrealized losses (2015 - gains of \$3.2 million).

We have committed capital to private equity partnerships and other investments of \$771.1 million, of which \$537.7 million has been contributed at June 30, 2016. Our remaining commitments to these investments at June 30, 2016 totaled \$241.2 million. In the future, we may enter into additional commitments in respect of private equity partnerships or individual portfolio company investment opportunities.

## **EFFECTS OF INFLATION**

The potential exists, after a catastrophe loss, for the development of inflationary pressures in a local economy. We consider the anticipated effects on us in our catastrophe loss models. Our estimates of the potential effects of inflation are also considered in pricing and in estimating reserves for unpaid claims and claim expenses. In addition, it is possible that the risk of general economic inflation has increased which could, among other things, cause claims and claim expenses to increase and also impact the performance of our investment portfolio. The actual effects of this potential increase in inflation on our results cannot be accurately known until, among other items, claims are ultimately settled. The onset, duration and severity of an inflationary period cannot be estimated with precision.

## **OFF-BALANCE SHEET AND SPECIAL PURPOSE ENTITY ARRANGEMENTS**

At June 30, 2016, we had not entered into any off-balance sheet arrangements, as defined in Item 303(a)(4) of Regulation S-K.

## **CONTRACTUAL OBLIGATIONS**

In the normal course of business, we are party to a variety of contractual obligations as summarized in our Form 10-K for the year ended December 31, 2015. We consider these contractual obligations when assessing our liquidity requirements. As of June 30, 2016, there were no material changes in our contractual obligations as disclosed in the table of contractual obligations, and related footnotes, included in our Form 10-K for the year ended December 31, 2015.

## **CURRENT OUTLOOK**

### *Acquisition of Platinum*

On March 2, 2015, RenaissanceRe completed its acquisition of Platinum. We believe that the acquisition of Platinum has benefited our combined companies' clients through, among other things, an expanded product offering and enhanced broker relationships. In addition, the acquisition has supported the growth in our U.S. specialty and casualty reinsurance platform. Taken together with our organic growth initiatives, the acquisition meaningfully increased the contribution of specialty and casualty business to us on a consolidated basis, in terms of both total gross premiums written and limits exposed, and on both an absolute and relative basis. Nonetheless, we continue to expect that our expected returns, as well as our regulatory and underwriting capital, will be driven by our portfolio of catastrophe-exposed business. As our longer-tail business grows, both absolutely and in proportion to our shorter tail business, we expect to be more exposed to developments such as inflation, interest rate risk, and the risk of unforeseen claims or tort law developments. Our reserve for claims and claim expenses also grew meaningfully as a result of the acquisition, and our future results will be impacted by the potential for adverse or favorable development on prior accident years claims and claim expenses from the business written prior to the closing by both of our companies. In addition, as a result of the acquisition, the face value of our indebtedness increased by \$550.0 million, consisting of \$250.0 million of publicly traded notes previously issued by a subsidiary of Platinum, which remain outstanding, and \$300.0 million of new senior public notes issued by RenaissanceRe Finance.

### *Catastrophe Exposed Market Developments*

Notwithstanding the severe global catastrophe losses during 2011, the advent in late 2012 of Storm Sandy, one of the most significant insured losses on record, and the increased frequency of severe weather events from 2013 through 2016 in many high-insurance-penetration regions, including the 2016 Texas Events and the Fort McMurray Wildfire, the global insurance and reinsurance markets have manifested growing, and ultimately record, levels of industry wide capital held. At the same time, reinsurance demand for many coverages and solutions has not grown at the pace of this growth in available capital, and for some,

coverages in respect of certain regions fell. Demand for other products or coverages grew at slower rates than that of supply, or was flat. During the January and June 2016 reinsurance renewal season, we believe that supply, principally from traditional market participants and increasingly complemented by alternative capital providers, more than offset market demand, resulting in a continued reduction of overall market pricing on a risk-adjusted basis, except for, in general, recent loss impacted treaties and contracts and partially offset by capital return initiatives. In 2016, reinsurance demand for U.S. southeastern windstorm coverage was effectively flat, impacted by the continuation of the Florida Hurricane Catastrophe Fund's ("FHCF") risk transfer program at the same level of limit as in 2015, reduction in 2016 of the Citizens Property Insurance Corporation's ("Citizens") risk transfer program, and the continuation of private market acceptance of policies previously written by Citizens, which in general are associated with a higher degree of reinsurance cessions than business written by Citizens. As in 2015, available supply of capital more than offset demand in the market. We continue to expect the supply of capital to outpace any growth of demand and accordingly, we do not expect market developments to shift more favorably in the near term, absent unusually large, or unforeseen, contingent events.

Accordingly, although our in-force book of business remains attractive to us, with our continuing focus on underwriting discipline, absent changed conditions, we do not expect to maintain the size of our aggregate book of property-exposed reinsurance business. While we will strive to maintain a high level of net portfolio quality, we cannot assure you we will succeed in doing so. In addition, we believe that many of the key markets we serve are increasingly characterized by large, increasingly sophisticated cedants who are able to manage large retentions, can access risk transfer capital in expanding forms, and may seek to focus their reinsurance relationships on a core group of well-capitalized, highly-rated reinsurers who can provide a complete product suite as well as value added service. In addition to pricing, market conditions are increasingly impacted by an erosion of terms and conditions, for which we believe the reinsurance market is being undercompensated or in some instances uncompensated. It is possible that an increasing portion of the business ceded to the reinsurance market will be priced below levels we find acceptable, or will be characterized by contractual terms and conditions we do not find to be acceptable, absent the advent of significant new developments. While we believe we are well positioned to compete for business we find attractive, these dynamics may introduce or exacerbate challenges in our markets. We may also purchase additional retrocessional protection to maintain an appropriate risk adjusted level of exposure, although we cannot assure you we will do so. To the extent we increase our aggregate retrocessional purchases, as we have in respect of our 2016 portfolio, absent the occurrence of loss activity covered by such retrocessions, our net income for the period will decrease to reflect the cost of such cessions, and we cannot assure you we will obtain commensurate value from factors such as potentially enhanced client acceptance, stability of our ratings, liquidity or otherwise.

#### *Casualty and Specialty Exposed Market Developments*

In the markets in which our Specialty Reinsurance segment operates, we continue to expect casualty insurance and reinsurance capacity to remain abundant during 2016. Leading global intermediaries and other sources have generally reported that the U.S. casualty reinsurance market overall reflects a soft pricing environment and we believe that prevailing terms and conditions in the casualty market are such that many programs and treaties do not meet our pricing standards. However, we also believe that pockets of niche or specialty casualty lines may provide more attractive opportunities for stronger or well-positioned reinsurers and that our combined operations following the acquisition of Platinum are strongly positioned to compete for business we do find attractive, with strong ratings, an expanded product offering, and an expanded U.S. market presence. While we believe that these dynamics have supported our recent specialty and casualty growth, we cannot assure you that any overall market increase in demand will indeed materialize. Specific renewal terms vary widely by insured account and our ability to shape our portfolio to improve its risk and return characteristics as estimated by us is subject to a range of competitive and commercial factors. Furthermore, we intend to seek to maintain strong underwriting discipline and in light of prevailing market conditions cannot provide assurance we will succeed in growing or maintaining our current combined in-force book of business.

### *General Economic Conditions*

We believe that uncertainty continues regarding the strength and health of the overall U.S. economy, as well as that of certain significant economies in the E.U. and other key markets. For example, global economic markets, including many of the key markets which we serve, may continue to be adversely impacted by the financial and fiscal instability of several European jurisdictions and certain large developing economies, potentially including the impacts of political instability in the Middle East, Ukraine and Russia; economic uncertainty in Greece and potentially other jurisdictions; and the vote in the U.K. to leave the EU. Accordingly, we continue to believe that meaningful risk remains for continued uncertainty or adverse disruptions in general economic and financial market conditions. Moreover, future economic growth may be only at a comparably suppressed rate for a relatively extended period of time. Declining or weak economic conditions could reduce demand for the products sold by us or our customers, or could weaken our overall ability to write business at risk-adequate rates. In addition, persistent low levels of economic activity could adversely impact other areas of our financial performance, such as by contributing to unforeseen premium adjustments, mid-term policy cancellations or commutations, or asset devaluation. Any of the foregoing or other outcomes of a prolonged period of economic uncertainty could adversely impact our financial position or results of operations. In addition, during a period of extended economic weakness, we believe our consolidated credit risk, reflecting our counterparty dealings with customers, agents, brokers, retrocessionaires, capital providers and parties associated with our investment portfolio, among others, is likely to be increased. Several of these risks could materialize, and our financial results could be negatively impacted, even after the end of any period of economic weakness.

Moreover, we continue to monitor the risk that our principal markets will experience increased inflationary conditions, which would, among other things, cause costs related to our claims and claim expenses to increase, and impact the performance of our investment portfolio. The onset, duration and severity of an inflationary period cannot be estimated with precision.

These economic conditions impact the risk-adjusted attractiveness and absolute returns and yields of our investment portfolio. In addition, our underwriting activities can be impacted, in particular our specialty and casualty reinsurance and Lloyd's portfolios, each of which can be exposed to risks arising from the ongoing economic weakness or dislocations, including with respect to a potential increase of claims in directors and officers, errors and omissions, surety, casualty clash and other lines of business.

The sustained and continuing environment of low interest rates, as compared to past periods, has lowered the yields at which we invest our assets. At this time we expect these developments, combined with the current composition of our investment portfolio and other factors, to continue to constrain investment income growth for the near term. In addition to impacting our reported net income, potential future losses on our investment portfolio, including potential future mark-to-market results, would adversely impact our equity capital. Moreover, as we invest cash from new premiums written or reinvest the proceeds of invested assets that mature or that we choose to sell, the yield on our portfolio is impacted by the prevailing environment of comparably low yields. While the decline in current prevailing interest rates can contribute to higher realized and unrealized gains in the near term, as we re-invest our assets or invest new cash proceeds at lower rates our future yields can be adversely impacted. While it is possible yields will improve in future periods, we currently expect the uncertain economic conditions to generally persist and we are unable to predict with certainty when conditions will substantially improve, or the pace of any such improvement.

### *Legislative and Regulatory Update*

On November 26, 2015, the BMA was granted full Solvency II equivalence for an unlimited period by the European Commission based on an assessment conducted by the European Insurance and Occupational Pensions Authority and its equivalence was officially confirmed on March 25, 2016, retroactive to January 1, 2016.

In prior Congressional sessions, Congress has considered a range of potential legislation which would, if enacted, provide for matters such as the creation of (i) a federal reinsurance catastrophe fund; (ii) a federal consortium to facilitate qualifying state residual markets and catastrophe funds in securing reinsurance; and (iii) a federal bond guarantee program for state catastrophe funds in qualifying state residual markets. In April 2016, Representative David Jolly (R-FL) introduced H.R.4947, the Natural Disaster Reinsurance Act of 2016, which would create a federal reinsurance program to cover any losses insured or reinsured by eligible

state programs arising from natural catastrophes, including without limitation losses from floods, earthquakes, tropical storms, tornadoes, volcanic eruption and, winter storms.

If enacted, this bill, or legislation similar to any of these proposals, would, we believe, likely contribute to the growth of state entities offering below market priced insurance and reinsurance in a manner adverse to us and market participants more generally. Such legislation could also encourage cessation, or even reversal, of reforms and stabilization initiatives that have been enacted in Florida and other catastrophe-exposed states in recent years. While we believe such legislation will continue to be vigorously opposed, if adopted these bills would likely diminish the role of private market catastrophe reinsurers and could adversely impact our financial results, perhaps materially.

In June 2012, Congress passed the Biggert-Waters Bill, which provided for a five-year renewal of the National Flood Insurance Program (the "NFIP") and effected substantial reforms in the program. Among other things, pursuant to this statute, the Federal Emergency Management Agency ("FEMA") was explicitly authorized to carry out initiatives to determine the capacity of private insurers, reinsurers, and financial markets to assume a greater portion of the flood risk exposure in the U.S., and to assess the capacity of the private reinsurance market to assume some of the program's risk. The bill also provided for increasing the annual limitation on program premium increases from 10% to 20% of the average of the risk premium rates for certain properties concerned; established a four-year phase-in, after the first year, in annual 20% increments, of full actuarial rates for a newly mapped risk premium rate area; instructed FEMA to establish new flood insurance rate maps; allowed multi-family properties to purchase NFIP policies; and introduced minimum deductibles for flood claims. In March 2014, the U.S. Congress passed the Grimm-Waters Act, which amends, delays or defers some of the provisions of Biggert-Waters Bill. Among other things, the Grimm-Waters Act reverts back to exempting "grandfathered" policies from rate increases that might otherwise have been applied upon the approval of updated flood maps, introduces certain caps on the rate of premium increases even where actuarially indicated; eliminates certain provisions which provided for accelerated rate adequacy on the sale of covered properties; and introduces policy surcharges of \$25 for residences and \$250 for commercial properties near-term. We believe that the passage of the Grimm-Waters Act has had an adverse impact on near term prospects for increased U.S. private flood insurance demand, the stability of the NFIP and the primary insurers that produce policies for the NFIP or offer private coverages. However, the Grimm-Waters Act did not amend certain features of the Biggert-Waters Bill which could, over time, support the growth of such demand, albeit at a slower pace and with greater uncertainty, such as the continuation, subject to annual limits, of some potential premium increases and the potential continuation of certain reforms relating to commercial properties and to homes that are not primary residences. However, we cannot assure you that the provisions of the Biggert-Waters Bill will not be superseded by additional new legislation or will otherwise ultimately be implemented by the NFIP or that, if implemented, will materially benefit private carriers, or that we will succeed in participating in any positive market developments that may transpire.

In March 2016, the House Committee on Financial Services unanimously approved H.R. 2901, the Flood Insurance Market Parity and Modernization Act, which would clarify that flood insurance provided by private firms satisfies the requirement that homeowners maintain flood coverage on mortgaged properties that are backed by a federal guarantee and located in a flood zone. The bill also would direct FEMA to consider policy holders who drop a NFIP policy and then later return to the NFIP as having continuous coverage if they can demonstrate that a flood insurance policy from a private firm was maintained throughout the interim period. If ultimately approved by the full Congress, we believe that H.R. 2901 could incrementally contribute to the growth of private residential flood opportunities and the financial stabilization of the NFIP. However, we cannot assure you that such legislation will indeed be enacted or that such benefits will be recognized if it is.

In 2007, the state of Florida enhanced the authority of the FHCF to offer coverage at below-market rates and expanded the ability of the state-sponsored insurer, Citizens, to compete with private insurance companies, and other companies that cede business to us. This legislation reduced the role of the private insurance and reinsurance markets in Florida, a key target market of ours. In succeeding years, Florida legislation has allowed Citizens to increase rates and cut back support for FHCF. The rate increases and cut back on coverage by FHCF and Citizens have supported, over this period, a relatively increased role for private insurers in Florida, a market in which we have established substantial market share. However, we cannot assure you that this increased role will continue or be maintained, or that adverse new legislation will not be passed.

Internationally, in the wake of the large natural catastrophes in 2011, a number of proposals have been introduced to alter the financing of natural catastrophes in several of the markets in which we operate. For example, the Thailand government has announced it is studying proposals for a natural catastrophe fund, under which the government would provide coverage for natural disasters in excess of an industry retention and below a certain limit, after which private reinsurers would continue to participate. The government of the Philippines has announced that it is considering similar proposals. Indonesia's financial services authority has announced a proposal to increase the amount of insurance business placed with domestic reinsurers. A range of proposals from varying stakeholders have been reported to have been made to alter the current regimes for insuring flood risk in the U.K. and Australia, and earthquake risk in New Zealand. A number of these jurisdictions constitute large current or potential future markets for catastrophic coverage. If these proposals are enacted and reduce market opportunities for our clients or for the reinsurance industry, we could be adversely impacted.

Over the past few years, and again in February 2016, the Obama administration has proposed, and the U.S. Congress has considered, legislation which, if passed, would limit or deny U.S. insurers and reinsurers the deduction for reinsurance placed with non-U.S. affiliates. We believe that the passage of such legislation could adversely affect the reinsurance market broadly and potentially impact our own current or future operations in particular.

In February 2016, the Obama Administration released its proposed budget which included tax proposals that, if adopted, would affect significant change to the U.S. taxation of international business and capital flows. Among other things, these proposals would disallow the deduction for certain reinsurance premiums paid to affiliates (as discussed above) and tighten the anti-inversion rules. We cannot predict whether Congress will adopt any of these proposals and what, if adopted, the potential impact of any such changes could be to us, our clients or the market generally.

In July 2014, the Senate Finance Committee conducted hearings in respect of transactions in which U.S.-based companies merge with or acquire foreign companies in structures referred to as inversions. In September 2014, the IRS and the Treasury Department issued a notice describing regulations that the government intends to issue to eliminate certain of the tax benefits of corporate inversions, which regulations would apply to any inversion transaction closing on or after September 22, 2014. In November 2015, the IRS and the Treasury Department supplemented the 2014 notice with another notice describing further regulations that the government intends to issue in connection with corporate inversion transactions, which generally apply to any inversion transaction closing on or after November 19, 2015. On April 4, 2016, the IRS and Treasury Department issued proposed and temporary regulations that generally incorporate the rules described in the two notices and included new rules to further limit certain tax benefits of corporate inversions, as well as proposed regulations on the classification of, and recordkeeping with respect to, debt instruments issued to related persons. The proposed regulations would add new earnings stripping rules that would deny a deduction for interest paid on related party debt in certain circumstances. The temporary and proposed inversion rules would prohibit a foreign acquirer from counting stock attributable to prior acquisitions of U.S. companies within three years of a proposed acquisition toward the inversion threshold, so that foreign acquirers making serial acquisitions may not avoid the inversion rules by benefiting from an increase in size as a result of U.S. acquisitions made within the prior three years. The earnings stripping rules, which are not limited to inversions and would apply to indebtedness between members of the same consolidated tax group, (1) generally treat as stock, rather than debt, an instrument that is issued to a parent or affiliate in a corporate distribution, or used to fund a distribution of cash or property, (2) allow the IRS on audit to divide a debt instrument into part debt and part equity, and (3) require corporations in certain publicly traded affiliated groups with assets exceeding \$100 million and annual total revenue exceeding \$50 million to provide documentation of key factors indicating that the instrument is debt rather than equity, such as a binding obligation to repay the principal, creditor's rights, and evidence of a reasonable expectation of repayment. In July 2016, hearings were held by the IRS in respect of these proposals. At this time we cannot predict the likelihood of the enactment or finalization of these proposals, or the scope of the proposed regulations on us, should they be formally adopted or enacted. Accordingly, we cannot reliably estimate what the potential impact of any such changes could be to us or our cost of capital, or to potential future transactions in which we might be involved, although, among other items, these regulations could negatively impact us, including our ability to acquire U.S. companies using our common shares as acquisition consideration.

In 2014, then House Ways and Means Chairman Dave Camp proposed amendments to the PFIC rules contemplated by Section 3703 of the Code. This proposal would create a new three-part test of active insurance income, providing that an insurer's income would be excluded from the definition of passive income if: (1) the insurer would be subject to a tax as an insurer if it were a US business; (2) more than 50% of its gross receipts for the taxable year consist of premiums; and (3) its applicable insurance liabilities exceed an amount equal to 35% of its total assets as reported in its applicable financial statement for the year. Also in 2014, then Senate Finance Committee Chairman Ron Wyden wrote to the IRS urging examination and new rulemaking in respect of certain practices attributed to hedge funds in respect of non-U.S. reinsurance company structures. In April 2015, the IRS issued proposed new regulations in respect of these matters. The regulations, if adopted as drafted, would provide that "passive income" for purposes of these rules would not include any income that is derived in the "active conduct" of an insurance business by a corporation which is predominantly engaged in an "insurance business." The proposed regulations also provide a definition for "active conduct" in the course of an insurance trade or business, as well as the term "insurance business." In addition, Senator Wyden introduced the "Offshore Reinsurance Tax Fairness Act" on June 25, 2015 that, if enacted, would characterize certain non-U.S. insurance companies with insurance liabilities of 25% or less of each such company's assets as a PFIC and each such company with insurance liabilities of less than 10% of its assets as a PFIC. It is anticipated the IRS will issue amended proposed regulations in respect of these matters and at this time we cannot predict the likelihood of the enactment or finalization of the proposed regulations and legislation; and the scope, nature, or impact of the proposed regulations on us, should they be formally adopted or enacted. Accordingly, we cannot reliably estimate what the potential impact of any such changes could be to us, our sources of capital, our investors or the market generally. Among other things, it is possible that these IRS actions, or new legislation or rulemaking, could adversely impact the tax attributes to certain U.S. investors of participating in our managed joint ventures, even inadvertently in light of the perceived need for reforms.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are principally exposed to four types of market risk: interest rate risk, foreign currency risk, credit risk, and equity price risk. Our investment guidelines permit, subject to approval, investments in derivative instruments such as futures, options, foreign currency forward contracts and swap agreements, which may be used to assume risks or for hedging purposes.

There were no material changes to these market risks, as disclosed in "Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk," in our Form 10-K for the year ended December 31, 2015, during the six months ended June 30, 2016. See "Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk," in our Form 10-K for the year ended December 31, 2015 for a discussion of our exposure to these risks.

### **ITEM 4. CONTROLS AND PROCEDURES**

*Evaluation of Disclosure Controls and Procedures:* Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(b) and 15d-15(b) of the Exchange Act, as of the end of the period covered by this report. Based upon that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that, at June 30, 2016, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Company reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

*Changes in Internal Control Over Financial Reporting:* There were no changes in our internal control over financial reporting during the quarter ended June 30, 2016, which were identified in connection with our evaluation required pursuant to Rules 13a-15 or 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

There have been no material changes to the legal proceedings previously disclosed in our Form 10-K for the year ended December 31, 2015.

### **ITEM 1A. RISK FACTORS**

Other than as discussed below, there have been no material changes to the risk factors previously disclosed in our Form 10-K for the year ended December 31, 2015.

#### ***The vote by the United Kingdom to leave the E.U. could adversely affect our business.***

The recent U.K. referendum on its membership in the E.U. resulted in a majority of U.K. voters voting to exit the E.U. ("Brexit"). As a result of this vote, negotiations are expected to commence to determine the terms of the United Kingdom's withdrawal from the E.U. and its future relationship with the E.U. As a result, we face risks associated with the potential uncertainty and consequences that may follow Brexit, including with respect to volatility in financial markets, exchange rates and interest rates. These uncertainties could increase the volatility of, or reduce, our investment results in particular periods or over time. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions and regulatory agencies. Brexit could also lead to legal uncertainty and differing laws and regulations between the U.K., and the E.U., and could impair or adversely affect the ability of Syndicate 1458 to transact business in E.U. countries, particularly in respect of primary or direct insurance business as to which we currently rely on the licensure afforded to syndicates at Lloyd's for access to E.U. markets. In addition, these uncertainties could affect the operations, strategic position or results of insurers or reinsurers on whom we ultimately rely to access underlying insured coverages. Any of these potential effects of Brexit, and others we cannot anticipate, could adversely affect our results of operations or financial condition.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Our share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. On May 16, 2016, our Board of Directors approved a renewal of our authorized share repurchase program to an aggregate amount of \$500.0 million. Unless terminated earlier by our Board of Directors, the program will expire when we have repurchased the full value of the shares authorized. The table below details the repurchases that were made under the program during the three months ended June 30, 2016, and also includes other shares purchased, which represents shares surrendered by employees in respect of withholding tax obligations on the vesting of restricted stock, or in lieu of cash payments for the exercise price of employee stock options.



	Total shares purchased		Other shares purchased		Shares purchased under publicly announced repurchase program		Dollar maximum amount still available under repurchase program  (in millions)
	Shares purchased	Average price per share	Shares purchased	Average price per share	Shares purchased	Average price per share	
Beginning dollar amount available to be repurchased							\$ 494.1
April 1 - 30, 2016	151,302	\$ 110.31	—	\$ —	151,302	\$ 110.31	(16.7)
May 1 - 16, 2016	599,127	\$ 112.69	—	\$ —	599,127	\$ 112.69	(67.5)
May 16, 2016 - renewal of authorized share repurchase program of \$500.0 million							90.1
Dollar amount available to be repurchased							500.0
May 17 - 31, 2016	283,736	\$ 114.55	—	\$ —	283,736	\$ 114.55	(32.5)
June 1 - 30, 2016	616,831	\$ 114.12	—	\$ —	616,831	\$ 114.12	(70.4)
Total	1,650,996	\$ 113.33	—	\$ —	1,650,996	\$ 113.33	397.1

During the six months ended June 30, 2016, pursuant to our publicly announced share repurchase program, we repurchased an aggregate of 2.4 million common shares in open market transactions at an aggregate cost of \$272.3 million and at an average share price of \$112.50. Subsequent to June 30, 2016 and through the period ended July 25, 2016, we repurchased 286 thousand common shares in open market transactions at an aggregate cost of \$33.1 million and at an average share price of \$115.66. In the future, we may authorize additional purchase activities under the currently authorized share repurchase program, increase the amount authorized under the share repurchase program, or adopt additional trading plans.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

#### AMENDMENT AND RESTATEMENT OF NAMED EXECUTIVE OFFICER EMPLOYMENT AGREEMENTS; EMPLOYMENT AGREEMENT WITH ROBERT QUTUB

The Compensation and Corporate Governance Committee of our Board of Directors (the "Compensation Committee") regularly reviews our compensation programs and arrangements to ensure that such programs and arrangements remain aligned with our business and compensation objectives, reflect market trends and address our evolving needs. The Compensation Committee also considers feedback received from our shareholders, including the results of RenaissanceRe's recent "say on pay" vote. After its most recent review, the Compensation Committee approved amended and restated forms of employment agreement reflecting these dynamics to be used for our executive officers (the "Restated Forms").

The amendments reflected in the Restated Forms eliminate the "single-trigger" change-in-control vesting provision for future equity awards and refine the circumstances under which the executives may terminate employment for "good reason," which changes are being made in connection with RenaissanceRe's move from "single-trigger" to "double-trigger" vesting in its 2016 Long-Term Incentive Plan. In addition, the Restated Forms provide for continuation of health benefits under additional circumstances, including following the executive's voluntary termination of employment without "good reason."

On July 22, 2016, RenaissanceRe entered into amended and restated employment agreements (each, a "Restated Employment Agreement") with each of our named executive officers (other than our current Chief Financial Officer, Jeffrey D. Kelly, who is retiring effective September 15, 2016) in substantially the same form as the Restated Forms approved by the Compensation Committee. The Restated Employment

Agreements supersede and replace the current employment agreements, as amended and previously filed with the Securities and Exchange Commission, of each of our named executive officers (other than Mr. Kelly) (each, a "Prior Employment Agreement").

Except for the changes described above, the Restated Employment Agreements are in substantially the same form as the Prior Employment Agreements. The following description of the Restated Employment Agreements is qualified in its entirety by reference to the full text of (i) the Restated Employment Agreement for Kevin J. O'Donnell, our Chief Executive Officer, which is attached hereto as Exhibit 10.3, (ii) the legacy form of Restated Employment Agreement for our named executive officers (other than our Chief Executive Officer), which applies to Ian D. Branagan, a Senior Vice President and our Group Chief Risk Officer, and Stephen H. Weinstein, a Senior Vice President and our Group General Counsel, Corporate Secretary and Chief Compliance Officer and is attached hereto as Exhibit 10.4, and (iii) the form of Restated Employment Agreement for our named executive officers (other than our Chief Executive Officer), which applies to Ross A. Curtis, a Senior Vice President and our Group Chief Risk Officer and is attached hereto as Exhibit 10.5, each of which is incorporated herein by reference.

On July 22, 2016, in connection with Robert Qutub's appointment as an Executive Vice President and the Chief Financial Officer of RenaissanceRe commencing on August 8, 2016, RenaissanceRe and Mr. Qutub entered into an employment agreement in substantially the same form as the form of Restated Employment Agreement for our named executive officers (other than our Chief Executive Officer), which is attached hereto as Exhibit 10.5.

Mr. Qutub will initially be paid an annual base salary of \$575,000 and will receive benefits and perquisites offered to other expatriate executive officers of the Company situated in Bermuda. In addition, Mr. Qutub will be eligible to receive an annual incentive bonus for 2016 pursuant to RenaissanceRe's performance-based annual incentive bonus plan with a target of 110% of base salary and a long-term equity-based incentive award with an anticipated target value of 218% of base salary. The annual equity award expected to be granted to Mr. Qutub is expected to consist of restricted stock, performance shares or a combination thereof and will be made pursuant to the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan, with the first such annual equity award to be granted to Mr. Qutub at the same time as grants are made to similarly situated senior executives of RenaissanceRe in early 2017. Actual grants and awards are subject to the discretion of the Compensation Committee.

#### **SEPARATION AGREEMENT WITH JEFFREY D. KELLY**

On July 22, 2016, RenaissanceRe entered into a Separation, Consulting, and Release Agreement with Jeffrey D. Kelly, presently an Executive Vice President and our Chief Financial Officer and Chief Operating Officer. The separation agreement provides that Mr. Kelly will terminate his employment with RenaissanceRe effective September 15, 2016, or the date of an earlier termination of employment (the "Separation Date").

The following description of Mr. Kelly's separation agreement is qualified in its entirety by reference to the full text of the separation agreement, which is attached hereto as Exhibit 10.6 and incorporated herein by reference.

As contemplated by the separation agreement, Mr. Kelly will be entitled to the separation payments and benefits as provided in his amended and restated employment agreement with RenaissanceRe dated October 23, 2013. Each of the payments and benefits Mr. Kelly is entitled to receive in connection with his resignation is subject to his continued compliance with the non-competition and non-interference covenants set forth in his employment agreement. Furthermore, the payments and benefits are contingent upon the execution of a mutual release of claims upon the execution of the separation agreement and a second "bring-down" release of claims to be effective no earlier than the Separation Date. The payments and benefits contemplated by the separation agreement (other than certain accrued obligations) will be forfeited and Mr. Kelly will have no right to such payments if his employment is terminated by RenaissanceRe for "cause" (as defined in his employment agreement) or by Mr. Kelly without "good reason" (as defined in his employment agreement), in each case prior to the Separation Date.

Subject to his continued employment through the Separation Date, Mr. Kelly will continue to provide services to RenaissanceRe through September 15, 2017, as a consultant to assist in his successor's transition. In consideration for providing these consulting services, Mr. Kelly will receive aggregate

consulting fees equal to \$350,000, payable in substantially equal installments on the same schedule as salary payments are made to RenaissanceRe's employees in accordance with RenaissanceRe's regular payroll schedule. Mr. Kelly's rights to the consulting fees will cease upon the earliest to occur of a termination of his service as a result of his "disability" (as defined in his employment agreement), a termination of his service by RenaissanceRe for "cause," a termination of his service by him for any reason, a material breach of any provision of the separation agreement or his employment agreement and his commencement of full-time employment with another employer.

**ITEM 6. EXHIBITS**

- 10.1\* RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan. (1)
- 10.1(a)\* Form of Director Restricted Stock Agreement under the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan.
- 10.1(b)\* Form of Restricted Stock Agreement under the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan.
- 10.1(c)\* Form of Performance Share Agreement under the RenaissanceRe Holdings Ltd. 2016 Long-Term Incentive Plan.
- 10.2\* Form of Director Shares Grant Notice and Agreement pursuant to which restricted stock grants were made to non-employee directors on March 1, 2016.
- 10.3\* Further Amended and Restated Employment Agreement, dated as of July 22, 2016, by and between RenaissanceRe Holdings Ltd. and Kevin J. O'Donnell.
- 10.4\* Legacy Form of Further Amended and Restated Employment Agreement for Named Executive Officers (other than the Chief Executive Officer).\*\*
- 10.5\* Form of Employment Agreement for Named Executive Officers (other than the Chief Executive Officer).\*\*\*
- 10.6\* Separation, Consulting, and Release Agreement, dated as of July 22, 2016, between RenaissanceRe Holdings Ltd. and Jeffrey D. Kelly.
- 10.7\* Letter agreement, dated July 6, 2016, between Ian Branagan and RenaissanceRe Holdings Ltd. regarding secondment to the U.K.
- 10.8\* Letter agreement, dated April 11, 2013, between Ian Branagan and RenaissanceRe Holdings Ltd. regarding secondment to the U.K.
- 10.9 Second Amendment to Letter of Credit Reimbursement Agreement, dated as of May 20, 2016, among Renaissance Reinsurance Ltd., as Borrower, various lenders party to the Letter of Credit Reimbursement Agreement, dated as of November 23, 2015, Bank of Montreal, as Documentation Agent, Citibank Europe plc, as Collateral Agent, and ING Bank N.V., London Branch, as Letter of Credit Agent.
- 31.1 Certification of Kevin J. O'Donnell, Chief Executive Officer of RenaissanceRe Holdings Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 31.2 Certification of Jeffrey D. Kelly, Chief Financial Officer of RenaissanceRe Holdings Ltd., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- 32.1 Certification of Kevin J. O'Donnell, Chief Executive Officer of RenaissanceRe Holdings Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Jeffrey D. Kelly, Chief Financial Officer of RenaissanceRe Holdings Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document  
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document  
101.LAB XBRL Taxonomy Extension Label Linkbase Document  
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document  
101.DEF XBRL Taxonomy Extension Definition Linkbase Document  
\* Represents management contract or compensatory plan or arrangement.

\*\* Applicable to Stephen H. Weinstein and Ian D. Branagan.

\*\*\* Applicable to Ross A. Curtis and Robert Qutub.

(1) Incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 1, 2016.

## SIGNATURES

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

### RENAISSANCERE HOLDINGS LTD.

Date: July 27, 2016

/s/ Jeffrey D. Kelly  
Jeffrey D. Kelly  
Executive Vice President, Chief Financial Officer and Chief Operating Officer  
(Principal Financial Officer and Duly Authorized Officer)

Date: July 27, 2016

/s/ Mark A. Wilcox  
Mark A. Wilcox  
Senior Vice President, Corporate Controller and Chief Accounting Officer  
(Principal Accounting Officer)

DIRECTOR RESTRICTED STOCK AGREEMENT

RenaissanceRe Holdings Ltd. (the "Company"), pursuant to its 2016 Long-Term Incentive Plan (the "Plan"), hereby grants to the Participant the number of shares of Restricted Stock set forth below. The Restricted Stock is subject to all of the terms and conditions as set forth herein, as well as the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Director Restricted Stock Agreement (this "Agreement"), the Plan shall govern and control.

Participant: \_\_\_\_\_

Date of Grant: \_\_\_\_\_

Number of Shares of Restricted Stock: \_\_\_\_\_

Vesting Schedule: Subject to the Participant's continued membership on the Board, the Restricted Stock shall vest in accordance with the following vesting schedule:

<u>Number of Shares of Restricted Stock</u>	<u>Vesting Date</u>
[ ]	[ ], 20[ ]
[ ]	[ ], 20[ ]
[ ]	[ ], 20[ ]

Acceleration of Vesting: Notwithstanding the foregoing, the vesting of the Restricted Stock shall be accelerated upon the consummation of a Change in Control in connection with which the Restricted Stock is not assumed or substituted.

Termination: In the event of the Participant's Termination for any reason other than the Participant's Termination for Cause, including without limitation because of the Participant's resignation in conjunction with guidelines or policies of the Board with respect to retirement age, all shares of Restricted Stock which have not vested as of the date of such Termination shall become immediately vested.

In the event of the Participant's (i) Termination for Cause, or (ii) Termination by the Participant unilaterally on the Participant's own accord, all shares of Restricted Stock which have not vested as of the date of such Termination shall be immediately forfeited to the Company by the

Participant for no consideration as of such date.

“Termination for Cause” means removal for cause pursuant to the Company’s Amended and Restated By-Laws, as amended from time to time.

**Dividends and Voting Rights:**

The Participant shall have the right to vote the Restricted Stock and receive all dividends and other distributions paid or made with respect thereto.

**Additional Terms:**

The Restricted Stock granted hereunder shall be registered in the Participant’s name on the books of the Company, but the certificates evidencing such Restricted Stock shall be retained by the Company while the Restricted Stock remains unvested, and for such additional time as the Committee determines appropriate.

This Agreement does not confer upon the Participant any right to continue as a member of the Board.

This Agreement shall be construed and interpreted in accordance with the laws of Bermuda, without regard to the principles of conflicts of law thereof.

\* \* \*

*[Signatures to appear on the following page(s).]*

**THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS AGREEMENT AND THE PLAN AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS AGREEMENT AND THE PLAN.**

RENAISSANCERE HOLDINGS LTD.

PARTICIPANT

By: \_\_\_\_\_

—

Signature

Signature

Name:

Date: \_\_

Title:

Date:

*[Signature Page to Director Restricted Stock Agreement]*



## RESTRICTED STOCK AGREEMENT

RenaissanceRe Holdings Ltd. (the "Company"), pursuant to its 2016 Long-Term Incentive Plan (the "Plan"), hereby grants to the Participant the number of shares of Restricted Stock set forth below. The Restricted Stock is subject to all of the terms and conditions as set forth herein, as well as the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Restricted Stock Agreement (this "Agreement"), the Plan shall govern and control.

**Participant:** \_\_\_\_\_

**Date of Grant:** \_\_\_\_\_

**Number of Shares of Restricted Stock:** \_\_\_\_\_

**Vesting Schedule:**

Subject to the Participant's continued employment with the Company or any of its Affiliates, the Restricted Stock shall vest in accordance with the following vesting schedule:

<u>Number of Shares of Restricted Stock</u>	<u>Vesting Date</u>
[ ]	[ ], 20[ ]
[ ]	[ ], 20[ ]
[ ]	[ ], 20[ ]
[ ]	[ ], 20[ ]

**Acceleration of Vesting:**

Notwithstanding the foregoing, the vesting of the Restricted Stock shall be accelerated upon (i) the Participant's involuntary Termination as a result of a Change in Control in connection with which the Restricted Stock is assumed or substituted, as provided in Section 11(d) of the Plan, or (ii) the consummation of a Change in Control in connection with which the Restricted Stock is not assumed or substituted.

**Termination of Employment:**

In the event of the Participant's Termination for any reason other than the Participant's death or Disability, except as otherwise provided in the following paragraph, all shares of Restricted Stock which have not vested as of the date of such Termination shall be immediately forfeited to the Company by the Participant for no consideration as of such date.

In the event of the Participant's Termination by reason of the Participant's death or Disability or if the Participant shall die or experience a Disability within thirty (30) days of the Participant's Termination by the Service Recipient other than for Cause, all shares of Restricted Stock which have not vested as of the date of such Termination shall become immediately vested.

**Dividends and Voting Rights:**

The Participant shall have the right to vote the Restricted Stock and receive all dividends and other distributions paid or made with respect thereto.

**Additional Terms:**

The Restricted Stock granted hereunder shall be registered in the Participant's name on the books of the Company, but the certificates evidencing such Restricted Stock shall be retained by the Company while the Restricted Stock remains unvested, and for such additional time as the Committee determines appropriate.

The Company shall have the right to deduct from any payment to the Participant pursuant to this Agreement any federal, state or local income or other taxes required to be withheld in respect thereof in accordance with Section 17 of the Plan.

This Agreement does not confer upon the Participant any right to continue as an employee.

This Agreement shall be construed and interpreted in accordance with the laws of Bermuda, without regard to the principles of conflicts of law thereof.

[Signatures to appear on the following page(s).]

**THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS AGREEMENT AND THE PLAN AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS AGREEMENT AND THE PLAN.**

RENAISSANCERE HOLDINGS LTD.

PARTICIPANT

By: \_\_

—

Signature

Signature

Name: \_\_

Date: \_\_

Title: \_\_

Date: \_\_

## PERFORMANCE SHARE AGREEMENT

RenaissanceRe Holdings Ltd. (the “Company”), pursuant to its 2016 Long-Term Incentive Plan (the “Plan”), hereby grants to the Participant the number of Performance Shares set forth below. The Performance Shares are subject to all of the terms and conditions as set forth herein, as well as the terms and conditions of the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Performance Share Agreement (this “Agreement”), the Plan shall govern and control.

**Participant:** -

**Date of Grant:** -

**Number of Performance Shares:** -

**Definitions:** For purposes of this Agreement, the following definitions shall apply:

“Employment Agreement” means the Participant’s employment agreement with the Company, as amended, amended and restated, or modified from time to time.

“Measurement Price” as of a given date means the average of the closing prices of the Stock or the common stock of a Peer Group company, as applicable, for each of the twenty (20) trading days ending on (and including) such date.

“Peer Group” means the following group of companies: [\_\_\_\_]; provided, however, that if (i) any of the companies ceases to be publicly traded for any reason following the Date of Grant and prior to the Committee’s determination of Total Shareholder Return with respect to a given Performance Period or (ii) if sufficient data with respect to any of such companies is not available to the Committee to calculate Total Shareholder Return for a given Performance Period, such company or companies shall not be members of the Peer Group during such Performance Period; provided further, however, that the Committee may, in its discretion, review and revise the composition of the Peer Group with respect to any Performance Period during the Committee’s first quarter meeting at the beginning of such Performance Period based on a review of the

appropriateness of including or excluding any given company for comparison purposes.

“Performance Period” means (i) with respect to Tranche 1, calendar year [\_\_\_\_], (ii) with respect to Tranche 2, calendar year [\_\_\_\_], and (iii) with respect to Tranche 3, calendar year [\_\_\_\_].

“Reference Price” means the average of the closing prices of the Stock or the common stock of a Peer Group company, as applicable, for each of the twenty (20) trading days ending on (and including) the Date of Grant.

“Service Period” means the period commencing on the Date of Grant and ending on December 31, [\_\_\_\_], with respect to each Vesting Tranche.

“Total Shareholder Return” means, as of any date, the percentage change in the value of the Stock or the common stock of a Peer Group company, as applicable, from the Reference Price to the Measurement Price as of such date, as determined by the Committee in its sole discretion; provided, however, that, with respect to a given Performance Period, the Committee shall apply the same methodology to the calculation of Total Shareholder Return of the Company as it applies to the calculation of Total Shareholder Return of each member of the Peer Group.

“Vesting Percentage” shall, with respect to a given Vesting Tranche, be a function of the Company’s Total Shareholder Return during the applicable Performance Period relative to members of the Peer Group, determined as follows:

<b><u>Relative Total Shareholder Return</u></b>	<b><u>Vesting Percentage</u></b>
[____]th Percentile	[____]%
[____]th Percentile	[____]%
[____]th Percentile	[____]%
[____]th Percentile	[____]%

In the event that the relative Total Shareholder Return during a given Performance Period falls between any of the stated percentile values above, the Vesting Percentage for the applicable Vesting Tranche shall be determined using a linear interpolation from the next lowest stated percentile

value. For all purposes of this Agreement, the Plan, the Employment Agreement, and any other agreement between the Participant and the Company, relative Total Shareholder Return in the [\_\_\_\_\_]th percentile among the Peer Group shall be deemed to be “target” performance. Notwithstanding anything herein to the contrary, the Committee may decrease the Vesting Percentage with respect to any given Performance Period(s), in its sole discretion. No Performance Shares in a given Vesting Tranche shall vest if the Company’s Total Shareholder Return for a given Performance Period relative to the Peer Group is at or below the [\_\_\_\_\_]th percentile. The maximum Vesting Percentage for any given Vesting Tranche shall be 100%; provided that if the Company’s absolute Total Shareholder Return for a given Performance Period is negative, then the maximum Vesting Percentage for the applicable Vesting Tranche shall be [●]%.

“Vesting Tranche” means a vesting tranche of Performance Shares as set forth herein.

**Vesting Tranches:**

“Tranche 1” shall consist of [\_\_\_\_\_] Performance Shares.

“Tranche 2” shall consist of [\_\_\_\_\_] Performance Shares.

“Tranche 3” shall consist of [\_\_\_\_\_] Performance Shares.

**Vesting Schedule:**

Subject to the Participant’s continued employment with the Company or any of its Affiliates through the Service Period (except as otherwise provided in any other agreement between the Participant and the Company pertaining to the Performance Shares, including the Employment Agreement, in which case the terms of such other agreement shall apply to the Performance Shares), a number of Performance Shares in each Vesting Tranche shall vest upon the expiration of the Service Period equal to the product of (x) the total number of Performance Shares in such Vesting Tranche multiplied by (y) the Vesting Percentage. The total number of vested Performance Shares in each Vesting Tranche shall be delivered following the later of (i) expiration of the Service Period and (ii) the Committee’s determination of Total Shareholder Return with respect to the Performance Period for such Vesting Tranche. Performance Shares in a given Vesting Tranche that are no longer eligible to vest following the

Committee's determination of Total Shareholder Return with respect to a given Performance Period shall immediately be forfeited to the Company by the Participant for no consideration as of the date of such determination.

**Termination of Employment:**

In the event of the Participant's Termination for any reason (except as otherwise provided in any other agreement between the Participant and the Company pertaining to the Performance Shares, including the Employment Agreement or any other Participant Agreement, in which case the terms of such other agreement shall apply to the Performance Shares), all Performance Shares that have not vested as of the date of such Termination shall be immediately forfeited to the Company by the Participant for no consideration as of such date.

**Dividends:**

As contemplated by Section 9(a) of the Plan, cash dividends and stock dividends, if any, with respect to the Performance Shares shall be withheld by the Company for the Participant's account, and shall be subject to forfeiture to the same degree as the Performance Shares to which such dividends relate. No interest will accrue or be paid on the amount of any cash dividends withheld. Accrued dividends that remain unpaid following the Participant's Termination for any reason shall be immediately forfeited for no consideration as of the date of such Termination. No dividends will accrue or be withheld by the Company on the Participant's behalf pursuant to this Agreement or the Plan with respect to any Performance Shares on or following the date on which they vest in full.

**Additional Terms:**

The Performance Shares granted hereunder shall be registered in the Participant's name on the books of the Company, but the certificates evidencing such Performance Shares shall be retained by the Company while the Performance Shares remain unvested, and for such additional time as the Committee determines appropriate.

The Company shall have the right to deduct from any payment to the Participant pursuant to this Agreement any federal, state or local income or other taxes required to be withheld in respect thereof in accordance with Section 17 of the Plan.

This Agreement does not confer upon the Participant any right to continue as an employee.

This Agreement shall be construed and interpreted in accordance with the laws of Bermuda, without regard to the principles of conflicts of law thereof.

\* \* \*

*[Signatures to appear on the following page(s).]*

**THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS AGREEMENT AND THE PLAN, AND AS AN EXPRESS CONDITION TO THE GRANT OF PERFORMANCE SHARES HEREUNDER, AGREES TO BE BOUND BY THE TERMS THIS AGREEMENT AND THE PLAN.**

RENAISSANCERE HOLDINGS LTD.

PARTICIPANT

By: \_\_

—

Signature

Signature

Name: \_\_

Date: \_\_

Title: \_\_

Date: \_\_

## DIRECTOR SHARES GRANT NOTICE AND AGREEMENT

RenaissanceRe Holdings Ltd. (the “Company”) hereby grants to the Holder the number of common shares, \$1.00 per share par value, of the Company (the “Director Shares”) set forth below. The Director Shares are subject to all of the terms and conditions as set forth herein.

- Holder:** XXXX
- Date of Grant:** March 1, 2016
- Number of Director Shares:** XXX
- Vesting Schedule:** Subject to the Holder’s continued membership on the Board of Directors of the Company (the “Board”), the Director Shares shall vest and become exercisable as to one-third (1/3) of the shares on each of March 1, 2017, March 1, 2018 and March 1, 2019.
- Termination of Membership:** In the event of a termination of the Holder’s membership on the Board (i) by reason of the death or permanent disability of the Holder, or (ii) if the Holder is requested, by the Board, to resign the Holder’s membership on the Board for any reason other than for cause, including without limitation because of the Holder’s resignation in conjunction with guidelines or policies of the Board with respect to retirement age, all Director Shares which have not vested as of the date of such termination shall become immediately vested. In the event of a termination of the Holder’s membership on the Board (i) for cause, or (ii) by the Holder unilaterally on his or her own accord, all Director Shares which have not vested as of the date of such termination shall be forfeited as of such date.
- Shareholder Rights:** The Holder shall have the right to receive dividends and other rights of a shareholder with respect to the Director Shares.
- Transferability:** Director Shares shall be non-transferable during any period after the grant date that such Director Shares are subject to vesting restrictions, but shall otherwise be transferable by the Holder, subject to any applicable securities law restrictions. Director Shares subject to vesting shall bear the following legend until the end of the vesting period with respect to such shares: “Transfer of this certificate and the shares represented hereby is restricted pursuant to the terms of a Director Shares Grant Notice and Agreement, dated as of March 1, 2016, between RenaissanceRe Holdings Ltd. and [\_\_\_\_]. A copy of such agreement is on file at the offices of RenaissanceRe Holdings Ltd.”
- Stop transfer orders shall be entered with the Company’s transfer agent and registrar against the transfer of legended securities.
- Transferability of Awards for Estate Planning Purposes** Notwithstanding anything herein to the contrary, the Committee may, in its sole discretion, at the time of grant or at any time thereafter, allow any Participant to transfer to the Holder’s “family members” (as defined below) the Director Shares granted to the Holder, whether or not for value. The term “family members” shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the Holder’s household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the Holder) control the management of assets, and any other entity in which these persons (or the Holder) own more than fifty percent of the voting interests.
- Additional Terms:** The Director Shares granted hereunder shall be registered in the Holder’s name on the books of the Company, but the certificates evidencing such Director Shares shall be retained by the Company while the Director Shares remains unvested, and for such additional time as the Committee determines appropriate.
- In the event of any merger, reorganization, recapitalization, consolidation, sale or other distribution of substantially all of the assets of the Company, any stock dividend, stock split, spin-off, split-up, distribution of cash, securities or other property by the Company, or other change in the Company’s corporate structure affecting the Director Shares, then the Board shall substitute or adjust as it determines to be equitable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be awarded under



this Director Shares Grant Notice and Agreement (this "Agreement") the number of Director Shares granted hereby.

This Agreement shall be construed and interpreted in accordance with the laws of Bermuda, without regard to the principles of conflicts of law thereof. The Board shall have the authority to (i) construe, interpret and implement this Agreement, (ii) make all determination necessary in administering this Agreement and (iii) correct any defect, supply any omission and reconcile any inconsistency in this Agreement. The determination of the Board on all matters within its authority relating to this Agreement shall be conclusive.

[Signatures to appear on the following page.]

**THE UNDERSIGNED HOLDER ACKNOWLEDGES RECEIPT OF THIS DIRECTOR SHARES GRANT NOTICE AND AGREEMENT, AND, AS AN EXPRESS CONDITION TO THE GRANT OF DIRECTOR SHARES HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS DIRECTOR SHARES GRANT NOTICE AND AGREEMENT.**

RENAISSANCERE HOLDINGS LTD.

HOLDER

By: \_\_

—

Signature

Signature

Title: EVP, Chief Operating Officer and Chief Financial Officer

Print Name: \_\_

Date: March 1, 2016

Date: \_\_

**FURTHER AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

This FURTHER AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 22nd day of July 2016 (the "Commencement Date"), by and between RenaissanceRe Holdings Ltd. (the "Company") and Kevin J. O'Donnell ("Executive").

**WITNESSETH :**

**WHEREAS**, the Company and Executive are presently parties to the Prior Employment Agreement;

**WHEREAS**, the Company desires to enter into this Agreement to embody the terms of Executive's continued employment with the Company following the Commencement Date, and Executive desires to enter into this Agreement and to accept such continued employment, subject to the terms and provisions of this Agreement; and

**WHEREAS**, the Compensation Committee has reviewed the terms and conditions of this Agreement and has determined that entering into this Agreement is advisable and in the best interests of the Company.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

**Section 1. Definitions.**

(a) "Accelerated Severance Amount" shall have the meaning set forth in Section 8(n) below.

(b) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment; (ii) any unpaid or unreimbursed expenses incurred in accordance with Company policy, including amounts due under Section 7 hereof, to the extent incurred prior to termination of employment; (iii) any benefits provided under the Company's employee benefit plans upon a termination of employment, in accordance with the terms therein, including rights in respect of Awards granted under the Equity Plans; and (iv) rights to indemnification pursuant to Section 12 below.

(c) "Affiliate" shall mean, as to any Person, any other Person that controls, is controlled by, or is under common control with, such Person.

(d) "Agreement" shall have the meaning set forth in the preamble hereto.

(e) "Annual Bonus" shall have the meaning set forth in Section 4(b) below.

- (f) “Applicable Severance Benefits” shall mean an amount equal to one hundred twenty-five percent (125%) of Executive’s Base Salary as in effect as of December 31, 2008.
- (g) “Awards” shall mean any stock options, restricted stock or other stock-based awards granted to Executive at any time under the Equity Plans, including any such awards granted prior to the Commencement Date.
- (h) “Base Salary” shall mean the salary provided for in Section 4(a) or any increased salary granted to Executive pursuant to Section 4(a) below.
- (i) “Board” shall mean the Board of Directors of the Company.
- (j) “Cause” shall mean (i) a material act or acts of willful misconduct by Executive in connection with Executive’s employment duties; (ii) misappropriation by Executive of the assets or business opportunities of the Company or its Affiliates; (iii) embezzlement or fraud committed by Executive, at Executive’s direction or with Executive’s prior personal knowledge; (iv) Executive’s conviction of, or plea of guilty or nolo contendere to, the commission of a criminal act that would constitute a felony in the United States of America; or (v) Executive’s willful, material and continuous breach of any of the provisions set forth in Section 3, Section 9 or Section 11 of this Agreement.
- (k) “Change in Control” shall have the meaning ascribed to such term in the Company’s 2016 Long-Term Incentive Plan, as may be amended and/or restated from time to time, or any successor plan thereto.
- (l) “COBRA” shall mean Part 6 of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, and Section 4980B of the Code, and the rules and regulations promulgated under either of them.
- (m) “Code” shall mean the U.S. Internal Revenue Code of 1986, as amended.
- (n) “Commencement Date” shall have the meaning set forth in the preamble hereto.
- (o) “Compensation Committee” shall mean the Compensation and Corporate Governance Committee of the Board.
- (p) “Company” shall have the meaning set forth in the preamble hereto, except as otherwise expressly set forth herein.
- (q) “Competitive Activities” shall mean any business activities in which the Company or any of its Affiliates are engaged (or have committed plans to engage) during the Term of Employment, or at the time of a termination of Executive’s employment were engaged (or had committed plans to engage following such termination of employment).
- (r) “Confidential Information” shall have the meaning set forth in Section 9(a) below.
- (s) “Developments” shall have the meaning set forth in Section 9(f) below.

(t) “Disability” shall mean any physical or mental disability or infirmity that has prevented the performance of Executive’s duties for a period of ninety (90) consecutive calendar days or one hundred eighty (180) non-consecutive calendar days in any three hundred sixty-five (365) day period. Any question as to the existence, extent or potentiality of Executive’s Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(u) “Equity Plans” shall mean the equity incentive plans adopted and maintained by the Company from time to time.

(v) “Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended.

(w) “Executive” shall have the meaning set forth in the preamble hereto.

(x) “Good Reason” shall mean, without Executive’s consent:

(i) an adverse change in Executive’s employment title or reporting relationship such that Executive no longer reports directly to the Board;

(ii) a material diminution in Executive’s employment duties, responsibilities or authority, or the assignment to Executive of duties that are materially inconsistent with Executive’s position, including, following the occurrence of a Change in Control, Executive ceasing to be the chief executive officer of a public company;

(iii) a reduction in Executive’s Base Salary, target Annual Bonus or incentive compensation opportunities, or a material reduction in the benefits provided to Executive in the aggregate;

(iv) a relocation of Executive’s principal place of employment to a location more than thirty-five (35) miles farther from Executive’s current principal residence than the location at which Executive was employed immediately preceding such change or any reassignment of Executive’s duties not requested or initiated by Executive that would require Executive to relocate Executive’s primary residence;

(v) after a Change in Control, (x) the alteration of Executive’s position in a way that significantly changes Executive’s status, offices, reporting requirements, authority, or responsibilities as they existed before the Change in Control, whether or not Executive’s title and location remain the same, or (y) the discontinuance or reduction in benefits to Executive of any qualified or non-qualified retirement or welfare plan maintained by the Company immediately prior to the Change in Control, or the discontinuance of any material fringe benefit or other prerequisite which Executive received immediately prior to the Change in Control;

(vi) the failure of the Company to obtain a written agreement at least five (5) business days prior to the anticipated closing date of any transaction giving rise to a Change in Control from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or

(vii) a breach by the Company of any material provision of this Agreement or any material provision of any award agreement under any Equity Plan between Executive and the Company.

(y) “Interfering Activities” shall mean (i) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person who is employed by, an agent of, or a service provider to, the Company or any Affiliate thereof to terminate (or, in the case of an agent or service provider, reduce) such Person’s employment, agency or service, as the case may be, with the Company or such Affiliate; (ii) hiring any Person who was employed by, an agent of, or a service provider to, the Company or any Affiliate thereof within the six (6) month period prior to the date of such hiring; or (iii) encouraging, soliciting or inducing, or in any manner attempting to encourage, solicit or induce, any customer, supplier, licensee or other business relation of the Company or any Affiliate thereof to cease doing business with or reduce the amount of business conducted with (including by providing similar services or products to any such Person) the Company or such Affiliate, or in any way interfering with the relationship between any such customer, supplier, licensee or business relation and the Company or such Affiliate.

(z) “Legacy 2010 Plan Awards” shall have the meaning set forth in Section 4(d) below.

(aa) “Losses” shall have the meaning set forth in Section 12(a) below.

(bb) “Non-Extension Notice” shall have the meaning set forth in Section 2 below.

(cc) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(dd) “Prior Commencement Date” shall mean July 19, 2006.

(ee) “Prior Employment Agreement” shall mean the Further Amended and Restated Employment Agreement between the Company and Executive, dated May 15, 2013.

(ff) “Prior Prepaid Severance Installments” shall have the meaning set forth in Section 8(m) below.

(gg) “Release Expiration Date” shall have the meaning set forth in Section 8(i) below.

(hh) “Restricted Area” shall mean (i) Bermuda, (ii) any State of the United States of America, (iii) the Republic of Ireland, (iv) the Republic of Singapore, (v) the United Kingdom, and (vi) any other jurisdiction in which the Company or its Affiliates engage (or have committed plans to engage) in business during the Term of Employment, or following termination of Executive’s employment were engaged in (or had committed plans to engage in) at the time of such termination of employment.

(ii) “Restricted Period” shall mean the period which commenced on the Prior Commencement Date and continues until the eighteen (18) month anniversary of Executive’s termination of employment hereunder for any reason.

(jj) “Retirement” shall mean a termination of employment by Executive without Good Reason on or following the later of (x) the first date on which the sum of Executive’s age and years of service (in each case measured on a daily basis) with the Company equals sixty-five (65) and (y) the date on which Executive has first completed five (5) years of service with the Company.

(kk) “Term of Employment” shall mean the period specified in Section 2 below.

## **Section 2. Acceptance and Term of Employment.**

The Company agrees to continue to employ Executive, and Executive agrees to continue to serve the Company, on the terms and conditions set forth herein. Unless earlier terminated pursuant to Section 8 hereof, the Term of Employment is the period which commenced on the Prior Commencement Date and continues until July 1, 2017; provided, however, that the Term of Employment shall be extended automatically, without further action by either the Company or Executive, by one (1) additional year first on such date, and on each anniversary of such date thereafter, unless, not less than one hundred eighty (180) days prior to the end of the Term of Employment (including any extension thereof), either the Company or Executive shall have notified the other in writing of its or Executive’s intention not to further extend the Term of Employment (a “Non-Extension Notice”).

## **Section 3. Duties and Responsibilities; Place of Performance.**

(a) During the Term of Employment, Executive shall be employed and serve as the Chief Executive Officer and President of the Company (together with such other position or positions consistent with Executive’s titles as the Board shall specify from time to time). In this capacity, Executive shall have all of the duties customarily associated with the position of a company’s highest ranking executive officer and shall report directly to the Board. Subject to the foregoing, Executive also agrees to serve as an officer and/or director of the Company or any parent or subsidiary of the Company, in each case without additional compensation.

(b) Subject to the terms and conditions set forth in this Agreement, Executive shall devote Executive’s full business time, attention, and efforts to the performance of Executive’s duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (x) conflicts with the

interests of the Company or its Affiliates, (y) interferes with the proper and efficient performance of Executive's duties for the Company, or (z) interferes with the exercise of Executive's judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the consent of the Company, as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be at the Company's principal executive offices in Hamilton, Bermuda, although Executive understands and agrees that Executive may be required to travel from time to time for business reasons.

#### **Section 4. Compensation.**

During the Term of Employment, Executive shall be entitled to the following compensation, subject to such withholding and other employee deductions as may be required by law:

(a) Base Salary. The Company shall pay Executive a Base Salary at an annualized rate of not less than \$1,060,000 subject to increase, if any, as may be approved in writing by the Compensation Committee, but not to decrease from the then-current Base Salary. Base Salary shall be payable in accordance with the regular payroll procedures of the Company.

(b) Annual Bonus. Executive shall be eligible for an annual cash incentive bonus award determined by the Compensation Committee (or its designee) in respect of each fiscal year during the Term of Employment (the "Annual Bonus"). The target Annual Bonus for each fiscal year shall be no less than one hundred sixty-five percent (165%) of Base Salary. The actual Annual Bonus payable in respect of each fiscal year shall be based upon the level of achievement of performance objectives for such fiscal year, as determined by the Compensation Committee (or its designee) and communicated to Executive. The Annual Bonus shall be paid to Executive at the same time as annual bonuses are generally payable to other similarly situated executives of the Company in similar locations, subject to Executive's continuous employment through the payment date except as otherwise provided for in this Agreement.

(c) Equity Plans. Executive shall be eligible to participate in the Equity Plans and may receive Awards, as determined by the Compensation Committee from time to time, and subject to the terms and conditions of the Equity Plans and any Award agreement between the Company and Executive evidencing such Awards. The target Award for each fiscal year shall be valued at no less than three hundred percent (300%) of Base Salary.

(d) Treatment of Legacy 2010 Plan Awards. This Section 4(d) shall apply only to Awards granted to Executive under the Company's 2010 Performance-Based Equity Incentive Plan, as amended, prior to the Commencement Date (collectively, the "Legacy 2010 Plan")

Awards”). Upon the occurrence of a Change in Control, provided Executive remains employed by the Company through the date of such Change in Control, all Legacy 2010 Plan Awards consisting of restricted stock that as of their date of grant were subject to both service- and performance-based vesting requirements shall immediately fully vest based on target level attainment of the performance goals applicable to such Legacy 2010 Plan Awards, or if greater, based on pro-forma performance over the entire performance period extrapolated from the performance run rate through the end of the fiscal year immediately preceding the year in which such Change in Control occurred.

**Section 5. Employee Benefits and Perquisites.**

(a) Employee Benefits. During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement, and other benefits generally provided to similarly situated senior executives of the Company in similar locations from time to time. Executive shall also be entitled to the same number of holidays, vacation days and sick days as are generally allowed to similarly situated senior executives of the Company in similar locations in accordance with the Company policy in effect from time to time.

(b) Perquisites. During the Term of Employment, the Company shall provide Executive with perquisites provided generally to similarly situated executives of the Company in similar locations, subject to applicable policies of the Company as approved from time to time by the Compensation Committee.

**Section 6. “Key-man” Insurance.**

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to reasonably cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information reasonably required by the insurance company, and executing all necessary documents, provided that no financial obligation or liability is imposed on Executive by any such documents.

**Section 7. Reimbursement of Business Expenses.**

Executive is authorized to incur reasonable business expenses in carrying out Executive’s duties and responsibilities under this Agreement and the Company shall promptly reimburse Executive for all such reasonable business expenses incurred in connection with carrying out the business of the Company, subject to documentation in accordance with the Company’s policy as in effect from time to time.

**Section 8. Termination of Employment.**

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive’s death, (ii) a termination by the Company by reason of a Disability, (iii) a



termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, and (v) the close of business on the last day of the Term of Employment (as provided in Section 2 above). Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships and any other positions Executive holds with the Company or any of its Affiliates.

(b) Death; Termination Due to Disability. Executive's employment shall terminate automatically upon Executive's death. The Company may terminate Executive's employment upon the occurrence of a Disability, such termination to be effective immediately upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to Executive's death or Disability, Executive or Executive's estate or Executive's beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates;

(iii) In the case of any termination as a result of Executive's Disability only, the Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the Restricted Period, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above in this subsection (iii), that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following a termination as a result of Executive's Disability shall be paid to Executive, subject to Section 8(m) below, in a lump sum on December 31, 2017; provided further, however, that Executive shall not be entitled to any amounts pursuant to this Section 8(b)(iii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iv) In the case of any termination as a result of Executive's Disability, an amount equal to (A) two hundred percent (200%) of Executive's Base Salary, less (B) the Applicable Severance Benefits, less (C) an amount equal to all Prior Prepaid Severance Installments received, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the twelve (12) month period following the date of Executive's termination, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, if the payment remains unpaid as of the last day of the calendar year

following the end of the calendar year in which the date of Executive's termination occurs it shall be paid to Executive on such date.

(v) A pro rata Annual Bonus (determined using the target Annual Bonus for the fiscal year in which such termination occurs) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such termination, such amount to be paid on the first administratively feasible payroll date following such termination;

(vi) In the case of any termination as a result of Executive's Disability only, to the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Severance Term, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (vi) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (vi), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the twelve (12) month period following the date of Executive's termination (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(vii) (A) Vesting, as of the date of Executive's termination, of all Awards, other than Awards that as of their date of grant were subject to both service- and performance-based vesting requirements, (B) all Awards that as of their date of grant were subject to both service- and performance-based vesting requirements shall remain outstanding through the last day of the applicable performance periods, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting periods; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein, and (C) any Awards that are stock options

shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the first anniversary of the date of Executive's termination.

Notwithstanding the foregoing, the payments and benefits described in subsections (ii) through (vii) above shall immediately cease, and the Company shall have no further obligations to Executive with respect thereto, in the event Executive breaches any provision of Section 9 hereof.

Following termination of Executive's employment by reason of Executive's death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) A termination for Cause shall not take effect unless the provisions of this subsection (i) are complied with. Executive shall be given not less than fifteen (15) days' written notice by or on behalf of the Board of the intention to terminate Executive's employment for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based. Executive shall have fifteen (15) days after the date that such written notice has been given to Executive in which to cure such act or acts or failure or failures to act, to the extent such cure is possible. If Executive fails to cure such act or acts or failure or failures to act, the termination shall be effective on the date immediately following the expiration of the fifteen (15) day notice period. If cure is not possible, the termination shall be effective on the date of receipt of such notice by Executive.

(ii) In the event the Company terminates Executive's employment for Cause, Executive shall be entitled only to the Accrued Obligations. Following termination of Executive's employment by the Company for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates;

(iii) The Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the twelve (12) month period following the date of Executive's termination, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above in this subsection (iii), that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following such termination shall be paid to Executive, subject to Section 8(m) below, in a lump sum on December 31, 2017; provided further, however, that Executive shall not be entitled to any amounts pursuant to this Section 8(d)(iii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iv) An amount equal to (A) two hundred percent (200%) of Executive's Base Salary, less (B) the Applicable Severance Benefits, less (C) an amount equal to all Prior Prepaid Severance Installments received, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the twelve (12) month period following the date of Executive's termination, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the Restricted Period with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, if the payment remains unpaid as of the last day of the calendar year following the end of the calendar year in which the date of Executive's termination occurs it shall be paid to Executive on such date;

(v) (A) An amount equal to one hundred fifty percent (150%) of Executive's Annual Bonus (determined using the greater of (1) the target Annual Bonus for the fiscal year in which such termination occurs and (2) the actual Annual Bonus for the fiscal year in which such termination occurs), such amount to be paid over the twelve (12) month period following the date of Executive's termination; and (B) upon the expiration of the Restricted Period, and subject to Executive's compliance during such period with the terms and conditions of this Agreement, a lump sum amount equal to fifty percent (50%) of Executive's Annual Bonus (determined using the greater of (1) the target Annual Bonus for the fiscal year in which such termination occurs and (2) the actual Annual Bonus for the fiscal year in which such termination occurs); provided, however, if the payment remains unpaid as of the last day of the calendar year following the end of the calendar year in which the date of Executive's termination occurs it shall be paid to Executive on such date;

(vi) A pro rata Annual Bonus (determined using the target Annual Bonus for the fiscal year in which such termination occurs) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such

termination, such amount to be paid on the first administratively feasible payroll date following such termination;

(vii) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, (A) continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the eighteen (18) month period following the date of Executive's termination, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the eighteen (18) month period following the date of Executive's termination with the terms and conditions of this Agreement; and (B) following the expiration of the continuation period in (A) above, to the extent permitted by the Company's health care insurance provider and to the extent such coverage would not result in a material increase in the premium cost to the Company or its Affiliates, Executive shall be entitled to continue participating in the Company's (or, in the discretion of the Company, an Affiliate's) health plans (as in effect from time to time) in respect of Executive and Executive's covered dependents, at Executive's sole expense and availability of coverage in accordance with the policies of the insurance provider, until the earliest to occur of (x) the date Executive (or a covered dependent, as applicable) attains age sixty-five (65); provided, that, in the event that a covered dependent turns sixty-five (65), Executive's ability to maintain coverage under the Company's or Affiliate's health plans shall only terminate with respect to Executive's covered dependent, (y) the date on which Executive (or a covered dependent, as applicable) becomes eligible to receive coverage under any other health plan provided by a new employer; provided, that, in the event that a covered dependent receives coverage under any other such health plan, Executive's ability to maintain coverage under the Company's or Affiliate's health plans shall only terminate with respect to such covered dependent, and (z) the date on which Executive breaches any of the terms of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (vii) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (vii), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the eighteen (18) month period following the date of Executive's termination (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(viii) (A) Vesting, as of the date of such termination, of all Awards, other than Awards that as of their date of grant were subject to both service- and performance-based vesting requirements, which shall remain outstanding through the last day of the applicable performance periods, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting periods; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein, and (B) any Awards that are stock options shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the six-month anniversary of the date of Executive's termination.

Notwithstanding the foregoing, the payments and benefits described in subsections (ii) through (viii) above shall immediately cease, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof.

Following termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason. Executive may terminate Executive's employment with Good Reason by providing the Company fifteen (15) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. During such fifteen (15) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the date immediately following the expiration of the fifteen (15) day notice period, and Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination without Cause, it being agreed that Executive's right to any such payments and benefits shall be subject to the same terms and conditions as described in Section 8(d) above. Following termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Executive without Good Reason. Executive may terminate Executive's employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive without Good Reason under this Section 8(f), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) The Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the twelve (12) month period

following the date of Executive's termination, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above, that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following such termination shall be paid to Executive, subject to Section 8(n) below, in a lump sum on December 31, 2017; provided further, however, that Executive shall not be entitled to any amounts pursuant to this Section 8(f)(ii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iii) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the twelve (12) month period following the date of Executive's termination, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (iii) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (iii), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the twelve (12) month period following the date of Executive's termination (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(iv) If such termination is a Retirement, subject to Executive's continued compliance with the provisions of Section 9 hereof, (A) any Awards that are stock options and that have been held by Executive for at least one year at the time of Retirement (1) and that are unvested at the date of Executive's termination shall continue to vest as if Executive had remained employed through the applicable vesting period, and (2) shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the second anniversary of the later of the date of Executive's termination and the actual vesting date, and (B) any Awards that as of their date of grant were subject to both service- and performance-based vesting requirements shall remain outstanding

through the last day of the applicable performance period, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting period; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein.

In the event of termination of Executive's employment under this Section 8(f), the Company may, in its sole and absolute discretion, by written notice accelerate such date of Executive's termination and still have it treated as a termination by Executive without Good Reason (and as a Retirement if applicable).

Following termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement, and Executive shall have no further obligations to the Company, except as set forth in Sections 8(j), 9, 10, 12(c) and 13 hereof.

(g) Expiration of the Term of Employment following a Non-Extension Notice by the Company. Upon the timely delivery of a Non-Extension Notice by the Company to Executive, Executive's employment shall terminate upon the close of business of the last day of the Term of Employment. Upon such expiration of the Term of Employment, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination without Cause, it being agreed that Executive's right to any such payments and benefits shall be subject to the same terms and conditions as described in Section 8(d) above. Following termination of Executive's employment upon expiration of the Term of Employment following a Non-Extension Notice by the Company, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Expiration of the Term of Employment following a Non-Extension Notice by Executive. Upon the timely delivery of a Non-Extension Notice by Executive to the Company, Executive's employment shall terminate upon the close of business of the last day of the Term of Employment. Upon such expiration of the Term of Employment, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) The Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the twelve (12) month period following the date of Executive's termination, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above, that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following such termination shall be paid to Executive, subject to



Section 8(m) below, in a lump sum on December 31, 2017; provided further, however, that Executive shall not be entitled to any amounts pursuant to this Section 8(h)(ii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iii) Any unpaid Annual Bonus in respect of any completed fiscal year which has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates; and

(iv) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the twelve (12) month period following the date of Executive's termination, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the twelve (12) month period following the date of Executive's termination with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (iv) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (iv), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the twelve (12) month period following the date of Executive's termination (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination.

Following termination of Executive's employment upon expiration of the Term of Employment following a Non-Extension Notice by Executive, except as set forth in this Section 8(h), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(i) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to this Section 8 (other than the Accrued Obligations), Executive and the Company shall have executed mutual general releases in the form as is reasonably agreed to by the Company and Executive, and any waiting periods contained in such release shall have expired. Such release, if required by

the Company, shall be delivered to Executive within ten (10) business days following the termination of Executive's employment hereunder, and the Company's failure to deliver such release to Executive within such ten (10) business day period shall constitute a waiver of such requirement. Assuming a timely delivery of the release by the Company, if Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to this Section 8 (other than the Accrued Obligations). Notwithstanding anything herein to the contrary, in any case where the date of Executive's termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year. For purposes of this Agreement, "Release Expiration Date" means the date that is twenty-one (21) days following the date upon which the Company timely delivers to Executive the release contemplated herein, or in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the U.S. Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(j) Post-Termination Cooperation. Following any termination of Executive's employment for any reason, Executive shall reasonably cooperate with the Company to assist with existing or future investigations, proceedings, litigations or examinations involving the Company or any Affiliates. For each day, or part thereof, that Executive provides assistance to the Company as contemplated hereunder, the Company shall pay Executive an amount equal to (x) divided by (y), where (x) equals the sum of Base Salary and target Annual Bonus as in effect on the date of Executive's termination of employment, and (y) equals two hundred (200). In addition, upon presentment of satisfactory documentation, the Company will reimburse Executive for reasonable out-of-pocket travel, lodging and other incidental expenses Executive incurs in providing such assistance. Executive shall not be required to travel to Bermuda to provide any assistance contemplated hereunder, but if requested by the Company, shall make reasonable good faith efforts to travel to such locations as the Company may reasonably request.

(k) Section 409A. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in U.S. Treasury Regulation Section 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 8 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(l) Accelerated Payment of Applicable Severance Benefits. To the extent Executive has not suffered a termination of employment prior to December 31, 2017, Executive shall be entitled to receive an amount equal to the Applicable Severance Benefits, payable in a lump sum on December 31, 2017; provided, however, that to the extent Executive ceases to comply with the terms and conditions of this Agreement or is terminated by the Company for Cause, in either case following the date on which Executive receives the Applicable Severance Benefits pursuant

to this Section 8(l), Executive shall repay to the Company an amount equal to the Applicable Severance Benefits.

(m) Prior Prepayment of Certain Severance Benefits. Executive acknowledges and agrees that during each calendar year commencing with calendar year 2010 and ending with calendar year 2012 Employee received a payment (each such payment, a “Prior Prepaid Severance Installment”) equal to one hundred twenty-five (125%) of the amount, if any, by which Executive’s Base Salary as in effect as of the end of the immediately preceding calendar year (the “Prior Year”) exceeded Executive’s Base Salary as in effect as of the end of the calendar year immediately preceding the Prior Year. To the extent Executive ceases to comply with the terms and conditions of this Agreement or is terminated by the Company for Cause (each case, a “Repayment Trigger”), Executive shall repay to the Company an amount equal to all Prior Prepaid Severance Installments.

(n) Clawback of Applicable Severance Benefits. To the extent (x) all or any portion of the payment to Executive of the Applicable Severance Benefits is accelerated to December 31, 2017, pursuant to the provision set forth in Section 8(b)(iii), (d)(iii), (f)(ii), or (h)(ii), as applicable (including to the extent payable by cross-reference to any of such provisions) (the “Accelerated Severance Amount”), and (y) subsequent to December 31, 2017, and during the Restricted Period Executive ceases to comply with the terms and conditions of this Agreement, Executive shall repay to the Company an amount equal to the Accelerated Severance Amount.

(o) Offset. In the event Executive is required to repay any amounts to the Company pursuant to Section 8(l), (m), or (n), the Company may offset such amounts against any monies owed to Executive or Executive’s estate following the date on which such obligation to repay arises, except to the extent such offset is not permitted under Section 409A of the Code without the imposition of additional taxes or penalties on Executive.

### **Section 9. Restrictive Covenants.**

Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the Company’s business and assets, and (B) by Executive’s employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience, and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the Company’s substantial detriment. For purposes of this Section 9, references to the Company shall be deemed to include its Affiliates.

(a) Confidential Information. Except as directed or authorized by the Company, Executive agrees that Executive will not, at any time during or after the Term of Employment, make use of or divulge to any other Person any trade or business secret, process, method or means, or any other confidential information concerning the business or policies of the Company or any of its divisions, subsidiaries or Affiliates (whether or not recorded in documentary form, or stored on any magnetic or optical disk or memory or other object) that Executive may have

learned in connection with Executive's employment hereunder and that Executive knows to be confidential or proprietary ("Confidential Information"). Executive's obligation under this Section 9(a) shall not apply to any information that (i) is known publicly without the fault of Executive; (ii) is in the public domain or hereafter enters the public domain without the fault of Executive; (iii) is known to Executive prior to Executive's receipt of such information from the Company, as evidenced by written records of Executive; or (iv) is hereafter disclosed to Executive by a third party not under an obligation of confidence to the Company. Executive agrees not to remove from the premises of the Company, except as an employee of the Company in pursuit of the business of the Company or except as specifically permitted by the Company, any document or other object containing or reflecting any such Confidential Information. Executive recognizes that all such documents and objects, whether developed by Executive or by someone else, will be the sole exclusive property of the Company. Upon termination of Executive's employment hereunder, Executive shall forthwith deliver to the Company all such Confidential Information, including without limitation all lists of customers, correspondence, accounts, records and any other documents or property made or held by Executive or under Executive's control in relation to the business or affairs of the Company or its divisions, subsidiaries or Affiliates, and no copy of any such Confidential Information shall be retained by Executive.

(b) Whistleblower; Defending Trade Secrets Act Disclosure.

(i) In addition, Executive understands that nothing in this Agreement shall be construed to prohibit Executive from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

(ii) Executive understands that the U.S. Defending Trade Secrets Act provides that Executive may not be held criminally or civilly liable under any U.S. Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a U.S. Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that Executive files a lawsuit for retaliation by the Company, any of its direct or indirect subsidiaries or its affiliates for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

(c) Non-Competition. Executive covenants and agrees that during the Restricted Period, Executive shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area.

Notwithstanding anything herein to the contrary, this Section 9(c) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly held corporation or from being a passive investor in any mutual fund, hedge fund, private equity fund or similar pooled account so long as Executive's interest therein is less than three percent (3%) and Executive has no role in selecting or managing investments thereof.

(d) Non-Interference. During the Restricted Period, Executive shall not, directly or indirectly, for Executive's own account or for the account of any other Person, engage in Interfering Activities.

(e) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of the Company of any nature and in whatever medium, and Executive shall not take with Executive any such property, documents or data, or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(f) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements and trade secrets, whether or not patentable or registerable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information and/or Company resources or in consultation with Company personnel (collectively referred to as "Developments"). Executive hereby assigns to the Company all right, title and interest in and to any and all of these Developments. Executive agrees to assist the Company, at the Company's expense (but for no other consideration of any kind), to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship that are made by Executive (solely or jointly with others) within the scope of employment and that are protectable by copyright are "works made for hire," as that term is defined in the U.S. Copyright Act (17 U.S.C. § 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights." To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the

full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(g) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

#### **Section 10. Breach of Restrictive Covenants.**

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company or its Affiliates for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof. Notwithstanding any other provision to the contrary, the Restricted Period shall be tolled during any period of violation of any of the covenants in Section 9(c) or (d) hereof and during any other period required for litigation during which the Company seeks to enforce such covenants against Executive or another Person with whom Executive is affiliated if it is ultimately determined that Executive was in breach of such covenants.

#### **Section 11. Representations and Warranties of Executive.**

Executive represents and warrants to the Company that:

- (a) Executive's employment will not conflict with or result in Executive's breach of any agreement to which Executive is a party or otherwise may be bound;
- (b) Executive has not violated, and in connection with Executive's employment with the Company will not violate, any non-solicitation, non-competition or other similar covenant or agreement of a prior employer by which Executive is or may be bound; and
- (c) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information that Executive may have obtained in connection with employment with any prior employer.

#### **Section 12. Indemnification**

(a) Indemnification. The Company shall defend, hold harmless and indemnify Executive to the fullest extent permitted by Bermuda law, as currently in effect or as it may

hereafter be amended, from and against any and all damages, losses, liabilities, obligations, claims of any kind, costs, interest or expenses (including, without limitation, reasonable attorneys' fees and expenses) (collectively, "Losses") that may be incurred or suffered by Executive in connection with or arising out of Executive's service with the Company or its Affiliates (whether prior to or following the date hereof), subject only to the provisions of subsection (b) below.

(b) Exceptions to Right of Indemnification. No indemnification shall be made under this Section 12 in respect of the following:

(i) Losses relating to the disgorgement remedy contemplated by Section 16 of the Exchange Act;

(ii) Losses arising out of a knowing violation by Executive of a material provision of this Section 12 or any other agreement to which Executive is a party with the Company or its Affiliates; and

(iii) Losses arising out of a final, nonappealable conviction of Executive by a court of competent jurisdiction for a knowing violation of criminal law.

Moreover, the Company shall not effect any advances, or advance any costs, relating to any proceeding (or part thereof) initiated by Executive unless the initiation thereof was approved by the Board, or as may be approved or ordered by a competent tribunal.

(c) Prepayment of Expenses. Unless Executive otherwise elects via written notice to the Company, expenses incurred in defending any civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt by the Company of a written affirmation of Executive's good faith belief that Executive's conduct does not constitute the sort of behavior that would preclude Executive's indemnification under this Section 12 and Executive furnishes the Company a written undertaking, executed personally or on Executive's behalf, to repay any advances if it is ultimately determined that Executive is not entitled to be indemnified by the Company under this Section 12.

(d) Continuation of Indemnity. All agreements and obligations of the Company contained in this Section 12 shall continue during the period in which Executive is employed by the Company and shall continue thereafter so long as Executive shall be subject to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that Executive was employed by the Company.

(e) Indemnification Hereunder Not Exclusive. The indemnification and prepayment of expenses provided by this Section 12 are in addition to and shall not be deemed exclusive of any other right to which Executive may be entitled under the Company's Memorandum of Association, the Company's Bye-Laws, any agreement, any vote of shareholders or disinterested directors, Bermuda law, any other law (common or statutory) or otherwise. Nothing contained in

this Section 12 shall be deemed to prohibit the Company from purchasing and maintaining insurance, at its expense, to protect itself or Executive against any expense, liability or loss incurred by it or Executive, whether or not Executive would be indemnified against such expense, liability or loss under this Section 12; provided, that the Company shall not be liable under this Section 12 to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Executive has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise. In the event the Company makes any indemnification payments to Executive and Executive is subsequently reimbursed from the proceeds of insurance, Executive shall promptly refund such indemnification payments to the Company to the extent of such insurance reimbursement.

**Section 13. Taxes.**

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law.

**Section 14. Mitigation; Set-Off.**

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall not be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its Affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Sections 8(b)(vi), 8(d)(vii), 8(f)(iii), 8(h)(iv) and 8(o) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

**Section 15. Delay in Payment; Section 409A of the Code.**

Notwithstanding any provision in this Agreement to the contrary, any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code. On the earliest date on which such payments can be made without violating the requirements of Section 409A(a)(2)(B)(i) of the Code, there shall be paid to Executive, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence. This Agreement is intended to comply with Section 409A of the Code, and any ambiguous provisions hereof will be construed in a manner that is compliant with the application of Section 409A of the Code. If a provision of this Agreement would result in the imposition of any additional tax under Section 409A of the Code, the parties agree that such provision shall be reformed to the extent permissible under Section 409A of the Code to avoid imposition of the additional tax, with such reformation effected in a manner that has the most favorable tax result to Executive. For purposes of Code Section 409A, each payment or amount due under this Agreement shall be considered a separate payment, and Executive's entitlement to a series of payments under this Agreement is to be treated as an entitlement to a series of separate payments.



**Section 16. Successors and Assigns; No Third-Party Beneficiaries.**

(a) The Company. This Agreement shall inure to the benefit of and be enforceable by, and may be assigned by the Company to, any purchaser of all or substantially all of the Company's business or assets or any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise). The Company will require in a writing delivered to Executive any such purchaser, successor or assignee to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such purchase, succession or assignment had taken place. The Company may make no other assignment of this Agreement or its obligations hereunder.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; provided, however, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 16(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, its Affiliates, and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

**Section 17. Waiver and Amendments.**

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to by the Company (or, if required, the Compensation Committee). No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

**Section 18. Severability.**

If any covenants or other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

**Section 19. Governing Law.**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF BERMUDA (WITHOUT GIVING EFFECT TO THE

CHOICE OF LAW PRINCIPLES THEREOF) APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH COUNTRY.

**Section 20. Notices.**

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first (1st) business day following the date of such mailing, (iii) if mailed by registered or certified mail, on the third (3rd) business day after the date of such mailing, or (iv) if transmitted by facsimile or electronic mail, on the date of such transmission.

**Section 21. Section Headings.**

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

**Section 22. Entire Agreement.**

This Agreement constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive following the Commencement Date. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement, including, without limitation, the Prior Employment Agreement. Prior to the Commencement Date, the Prior Employment Agreement shall remain in full force and effect.

**Section 23. Survival of Operative Sections.**

Upon any termination of Executive's employment, the provisions of Section 8 through Section 24 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

**Section 24. Recoupment.**

If the Company is required to file an accounting restatement with the U.S. Securities and Exchange Commission due to the material noncompliance of the Company with applicable securities law financial reporting requirements, Executive shall reimburse the Company for:

(a) The excess, if any, of (i) any bonus or other incentive-based or equity-based compensation received by Executive from the Company following the first filing with the U.S. Securities and Exchange Commission of the financial document embodying such financial reporting requirement (and if any such bonus or compensation has been earned but not paid, it shall be forfeited) over (ii) the amount of such bonus or other incentive-based or equity-based compensation as would have been payable to Executive under the applicable plan or award had such accounting restatement been the first such filing; provided that the reimbursement described in this subsection (a) shall apply only if and to the extent that one of clauses (x) and (y) applies, being (x) if the restatement is determined by a court of competent jurisdiction to be due to Executive's personal misconduct, the reimbursement described in this subsection (a) shall apply only to compensation paid within sixty (60) months following the first such filing which contains the financial statement which is ultimately restated and (y) if the restatement is not due to Executive's personal misconduct, the reimbursement described in this subsection (a) shall apply only to compensation paid within twenty-four (24) months following the first such filing which contains the financial statement which is ultimately restated; and

(b) Any gains realized by Executive from the sale of securities of the Company during the twelve (12) month period following the first filing with the U.S. Securities and Exchange Commission of the financial document embodying such financial reporting requirement; provided, (i) this subsection (b) shall apply only if such restatement is determined by a court of competent jurisdiction to be due to Executive's personal misconduct, and (ii) the amount, if any, payable under this subsection (b) shall be reduced by any amount Executive pays to any person other than the Company (including to any governmental authority) as compensation for any loss incurred in connection with such sale of securities.

This Section 24 shall interpreted in a manner consistent with rulings, governmental pronouncements, regulations, court decisions and the like interpreting Section 304 of the U.S. Sarbanes-Oxley Act of 2002; provided, that the Company and Executive acknowledge that this Section 24 is broader than such Section 304.

#### **Section 25. Counterparts.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

\* \* \*

*[Signatures to appear on the following page(s).]*

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement as of the date first above written.

**RENAISSANCERE HOLDINGS LTD.**

By: /s/ Jeffrey D. Kelly

Name: Jeffrey D. Kelly

Title: Executive Vice President, Chief Financial Officer and Chief Operating Officer

**EXECUTIVE**

/s/ Kevin J. O'Donnell

**Kevin J. O'Donnell**

*[Signature Page to Kevin J. O'Donnell Further Amended and Restated Employment Agreement]*

**FURTHER AMENDED AND RESTATED**  
**EMPLOYMENT AGREEMENT**

This FURTHER AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this [ ] day of [ ] 20[ ] (the "Commencement Date"), by and between RenaissanceRe Holdings Ltd. (the "Company") and [ ] ("Executive").

**WITNESSETH:**

**WHEREAS**, the Company and Executive are presently parties to the Prior Employment Agreement;

**WHEREAS**, the Compensation Committee of the Board of Directors of the Company has approved a standard form of agreement for use in connection with the Company's senior executive officers, substantially in the form hereof; and

**WHEREAS**, the Company desires to enter into this Agreement to embody the terms of Executive's continued employment with the Company following the Commencement Date, and Executive desires to enter into this Agreement and to accept such continued employment, subject to the terms and provisions of this Agreement.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

**Section 1. Definitions.**

(a) "Accelerated Severance Amount" shall have the meaning set forth in Section 8(n) below.

(b) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive's employment; (ii) any unpaid or unreimbursed expenses incurred in accordance with Company policy, including amounts due under Section 7 hereof, to the extent incurred prior to termination of employment; (iii) any benefits provided under the Company's employee benefit plans upon a termination of employment, in accordance with the terms therein, including rights in respect of Awards granted under the Equity Plans; and (iv) rights to indemnification pursuant to Section 12 below.

(c) "Affiliate" shall mean, as to any Person, any other Person that controls, is controlled by, or is under common control with, such Person.

(d) "Agreement" shall have the meaning set forth in the preamble hereto.

(e) "Annual Bonus" shall have the meaning set forth in Section 4(b) below.

- (f) “Applicable Severance Benefits” shall mean an amount equal to Executive’s Base Salary as in effect as of December 31, 2008.
- (g) “Awards” shall mean any stock options, restricted stock or other stock-based awards granted to Executive at any time under the Equity Plans, including any such awards granted prior to the Commencement Date.
- (h) “Base Salary” shall mean the salary provided for in Section 4(a) or any increased salary granted to Executive pursuant to Section 4(a) below.
- (i) “Board” shall mean the Board of Directors of the Company.
- (j) “Cause” shall mean (i) a material act or acts of willful misconduct by Executive in connection with Executive’s employment duties; (ii) misappropriation by Executive of the assets or business opportunities of the Company or its Affiliates; (iii) embezzlement or fraud committed by Executive, at Executive’s direction or with Executive’s prior personal knowledge; (iv) Executive’s conviction of, or plea of guilty or nolo contendere to, the commission of a criminal act that would constitute a felony in the United States of America; or (v) Executive’s willful, material and continuous breach of any of the provisions set forth in Section 3, Section 9 or Section 11 of this Agreement.
- (k) “Change in Control” shall have the meaning ascribed to such term in the Company’s 2016 Long-Term Incentive Plan, as may be amended and/or restated from time to time, or any successor plan thereto.
- (l) “COBRA” shall mean Part 6 of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, and Section 4980B of the Code, and the rules and regulations promulgated under either of them.
- (m) “Code” shall mean the U.S. Internal Revenue Code of 1986, as amended.
- (n) “Commencement Date” shall have the meaning set forth in the preamble hereto.
- (o) “Compensation Committee” shall mean the Compensation and Corporate Governance Committee of the Board.
- (p) “Company” shall have the meaning set forth in the preamble hereto, except as otherwise expressly set forth herein.
- (q) “Competitive Activities” shall mean any business activities in which the Company or any of its Affiliates are engaged (or have committed plans to engage) during the Term of Employment, or at the time of a termination of Executive’s employment were engaged (or had committed plans to engage following such termination of employment).
- (r) “Confidential Information” shall have the meaning set forth in Section 9(a) below.
- (s) “Developments” shall have the meaning set forth in Section 9(f) below.

(t) “Direct Supervisor” shall mean the person to whom Executive directly reports and who supervises Executive’s work on a regular basis.

(u) “Disability” shall mean any physical or mental disability or infirmity that has prevented the performance of Executive’s duties for a period of ninety (90) consecutive calendar days or one hundred eighty (180) non-consecutive calendar days in any three hundred sixty-five (365) day period. Any question as to the existence, extent or potentiality of Executive’s Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(v) “Equity Plans” shall mean the equity incentive plans adopted and maintained by the Company from time to time.

(w) “Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended.

(x) “Executive” shall have the meaning set forth in the preamble hereto.

(y) “Good Reason” shall mean, without Executive’s consent:

(i) an adverse change in Executive’s employment title or reporting relationship such that Executive no longer reports directly to the [ ] of the Company;

(ii) a material diminution in Executive’s employment duties, responsibilities or authority, or the assignment to Executive of duties that are materially inconsistent with Executive’s position[, including, following the occurrence of a Change in Control, Executive ceasing to be the [ ] of a public company];

(iii) a reduction in Executive’s Base Salary, target Annual Bonus or incentive compensation opportunities, or a material reduction in the benefits provided to Executive in the aggregate;

(iv) a relocation of Executive’s principal place of employment to a location more than thirty-five (35) miles farther from Executive’s current principal residence than the location at which Executive was employed immediately preceding such change or any reassignment of Executive’s duties not requested or initiated by Executive that would require Executive to relocate Executive’s primary residence;

(v) after a Change in Control, (x) the alteration of Executive’s position in a way that significantly changes Executive’s status, offices, reporting requirements, authority, or responsibilities as they existed before the Change in Control, whether or not Executive’s title and location remain the same, or (y) the discontinuance or reduction in benefits to Executive of any qualified or non-qualified retirement or welfare plan maintained by the Company immediately prior to the Change in Control, or the

discontinuance of any material fringe benefit or other perquisite which Executive received immediately prior to the Change in Control;

(vi) the failure of the Company to obtain a written agreement at least five (5) business days prior to the anticipated closing date of any transaction giving rise to a Change in Control from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or

(vii) a breach by the Company of any material provision of this Agreement or any material provision of any award agreement under any Equity Plan between Executive and the Company.

(z) “Interfering Activities” shall mean (i) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person who is employed by, an agent of, or a service provider to, the Company or any Affiliate thereof to terminate (or, in the case of an agent or service provider, reduce) such Person’s employment, agency or service, as the case may be, with the Company or such Affiliate; (ii) hiring any Person who was employed by, an agent of, or a service provider to, the Company or any Affiliate thereof within the six (6) month period prior to the date of such hiring; or (iii) encouraging, soliciting or inducing, or in any manner attempting to encourage, solicit or induce, any customer, supplier, licensee or other business relation of the Company or any Affiliate thereof to cease doing business with or reduce the amount of business conducted with (including by providing similar services or products to any such Person) the Company or such Affiliate, or in any way interfering with the relationship between any such customer, supplier, licensee or business relation and the Company or such Affiliate.

(aa) “Legacy 2010 Plan Awards” shall have the meaning set forth in Section 4(d) below.

(bb) “Losses” shall have the meaning set forth in Section 12(a) below.

(cc) “Non-Extension Notice” shall have the meaning set forth in Section 2 below.

(dd) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(ee) “Prior Commencement Date” shall mean [ ].

(ff) “Prior Employment Agreement” shall mean the Further Amended and Restated Employment Agreement between the Company and Executive, dated [ ].



(gg) “Prior Prepaid Severance Installments” shall mean all “Prepaid Severance Installments” (as defined in the “Prior Employment Agreement”) received by Executive prior to the Commencement Date.

(hh) “Release Expiration Date” shall have the meaning set forth in Section 8(i) below.

(ii) “Restricted Area” shall mean (i) Bermuda, (ii) any State of the United States of America, (iii) the Republic of Ireland, (iv) the Republic of Singapore, (v) the United Kingdom, and (vi) any other jurisdiction in which the Company or its Affiliates engage (or have committed plans to engage) in business during the Term of Employment, or following termination of Executive’s employment were engaged in (or had committed plans to engage in) at the time of such termination of employment.

(jj) “Restricted Period” shall mean the period which commenced on the Prior Commencement Date and continues until the twelve (12) month anniversary of Executive’s termination of employment hereunder for any reason.

(kk) “Retirement” shall mean a termination of employment by Executive without Good Reason on or following the later of (x) the first date on which the sum of Executive’s age and years of service (in each case measured on a daily basis) with the Company equals sixty-five (65) and (y) the date on which Executive has first completed five (5) years of service with the Company.

(ll) “Severance Term” shall mean the twelve (12) month period following the date of Executive’s termination of employment hereunder (1) due to death or Disability, (2) by the Company without Cause, (3) by Executive with or without Good Reason, or (4) by reason of any Non-Extension Notice.

(mm) “Term of Employment” shall mean the period specified in Section 2 below.

## **Section 2. Acceptance and Term of Employment.**

The Company agrees to continue to employ Executive, and Executive agrees to continue to serve the Company, on the terms and conditions set forth herein. Unless earlier terminated pursuant to Section 8 hereof, the Term of Employment is the period which commenced on the Prior Commencement Date and continues until the first (1st) anniversary of the Commencement Date; provided, however, that the Term of Employment shall be extended automatically, without further action by either the Company or Executive, by one (1) additional year first on such anniversary of the Commencement Date, and on each subsequent anniversary of the Commencement Date thereafter, unless, not less than thirty (30) days prior to the end of the Term of Employment (including any extension thereof), either the Company or Executive shall have notified the other in writing of its or Executive’s intention not to further extend the Term of Employment (a “Non-Extension Notice”).

## **Section 3. Duties and Responsibilities; Place of Performance.**

(a) Executive shall have such duties and responsibilities as specified by the Direct Supervisor. These duties and responsibilities may be modified from time to time and as are consistent with Executive's position.

(b) Subject to the terms and conditions set forth in this Agreement, Executive shall devote Executive's full business time, attention, and efforts to the performance of Executive's duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (x) conflicts with the interests of the Company or its Affiliates, (y) interferes with the proper and efficient performance of Executive's duties for the Company, or (z) interferes with the exercise of Executive's judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the consent of the Company, as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be at the Company's principal executive offices in Hamilton, Bermuda, although Executive understands and agrees that Executive may be required to travel from time to time for business reasons.

#### **Section 4. Compensation.**

During the Term of Employment, Executive shall be entitled to the following compensation, subject to such withholding and other employee deductions as may be required by law:

(a) Base Salary. The Company shall pay Executive a Base Salary at a rate to be determined by the Compensation Committee (or its designee), upon recommendation of the Direct Supervisor. Base Salary shall be payable in accordance with the regular payroll procedures of the Company.

(b) Annual Bonus. Executive shall be eligible for an annual cash incentive bonus award determined by the Compensation Committee (or its designee) in respect of each fiscal year during the Term of Employment (the "Annual Bonus"). The actual Annual Bonus payable in respect of each fiscal year shall be based upon the level of achievement of performance objectives for such fiscal year, as determined by the Compensation Committee (or its designee) and communicated to Executive. The Annual Bonus shall be paid to Executive at the same time as annual bonuses are generally payable to other similarly situated executives of the Company in similar locations, subject to Executive's continuous employment through the payment date except as otherwise provided for in this Agreement.

(c) Equity Plans. Executive shall be eligible to participate in the Equity Plans and may receive Awards, as determined by the Compensation Committee from time to time, and

subject to the terms and conditions of the Equity Plans and any Award agreement between the Company and Executive evidencing such Awards.

(d) Treatment of Legacy 2010 Plan Awards. This Section 4(d) shall apply only to Awards granted to Executive under the Company's 2010 Performance-Based Equity Incentive Plan, as amended, prior to the Commencement Date (collectively, the "Legacy 2010 Plan Awards"). Upon the occurrence of a Change in Control, provided Executive remains employed by the Company through the date of such Change in Control, all Legacy 2010 Plan Awards consisting of restricted stock that as of their date of grant were subject to both service- and performance-based vesting requirements shall immediately fully vest based on target level attainment of the performance goals applicable to such Legacy 2010 Plan Awards, or if greater, based on pro-forma performance over the entire performance period extrapolated from the performance run rate through the end of the fiscal year immediately preceding the year in which such Change in Control occurred.

#### **Section 5. Employee Benefits and Perquisites.**

(a) Employee Benefits. During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement, and other benefits generally provided to similarly situated senior executives of the Company in similar locations from time to time. Executive shall also be entitled to the same number of holidays, vacation days and sick days as are generally allowed to similarly situated senior executives of the Company in similar locations in accordance with the Company policy in effect from time to time.

(b) Perquisites. During the Term of Employment, the Company shall provide Executive with perquisites provided generally to similarly situated executives of the Company in similar locations, subject to applicable policies of the Company as approved from time to time by the Compensation Committee.

#### **Section 6. "Key-man" Insurance.**

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to reasonably cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information reasonably required by the insurance company, and executing all necessary documents, provided that no financial obligation or liability is imposed on Executive by any such documents.

#### **Section 7. Reimbursement of Business Expenses.**

Executive is authorized to incur reasonable business expenses in carrying out Executive's duties and responsibilities under this Agreement and the Company shall promptly reimburse Executive for all such reasonable business expenses incurred in connection with

carrying out the business of the Company, subject to documentation in accordance with the Company's policy as in effect from time to time.

#### **Section 8. Termination of Employment.**

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by the Company by reason of a Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, and (v) the close of business on the last day of the Term of Employment (as provided in Section 2 above). Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships and any other positions Executive holds with the Company or any of its Affiliates.

(b) Death; Termination Due to Disability. Executive's employment shall terminate automatically upon Executive's death. The Company may terminate Executive's employment upon the occurrence of a Disability, such termination to be effective immediately upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to Executive's death or Disability, Executive or Executive's estate or Executive's beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates;

(iii) In the case of any termination as a result of Executive's Disability only, the Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the Severance Term, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the Restricted Period with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above in this subsection (iii), that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following a termination as a result of Executive's Disability shall be paid to Executive, subject to Section 8(m) below, in a lump sum on December 31, 2017; provided further, however, that Executive shall not be entitled to any amounts pursuant to this Section 8(b)(iii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iv) A pro rata Annual Bonus (determined using the target Annual Bonus for the fiscal year in which such termination occurs) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such

termination, such amount to be paid on the first administratively feasible payroll date following such termination;

(v) In the case of any termination as a result of Executive's Disability only, to the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Severance Term, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Severance Term with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (v) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (v), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Severance Term (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(vi) (A) Vesting, as of the date of Executive's termination, of all Awards, other than Awards that as of their date of grant were subject to both service- and performance-based vesting requirements, (B) all Awards that as of their date of grant were subject to both service- and performance-based vesting requirements shall remain outstanding through the last day of the applicable performance periods, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting periods; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein, and (C) any Awards that are stock options shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the first anniversary of the date of Executive's termination.

Notwithstanding the foregoing, the payments and benefits described in subsections (ii) through (vi) above shall immediately cease, and the Company shall have no further obligations to Executive with respect thereto, in the event Executive breaches any provision of Section 9 hereof.

Following termination of Executive's employment by reason of Executive's death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) A termination for Cause shall not take effect unless the provisions of this subsection (i) are complied with. Executive shall be given not less than fifteen (15) days' written notice by or on behalf of the Board of the intention to terminate Executive's employment for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based. Executive shall have fifteen (15) days after the date that such written notice has been given to Executive in which to cure such act or acts or failure or failures to act, to the extent such cure is possible. If Executive fails to cure such act or acts or failure or failures to act, the termination shall be effective on the date immediately following the expiration of the fifteen (15) day notice period. If cure is not possible, the termination shall be effective on the date of receipt of such notice by Executive.

(ii) In the event the Company terminates Executive's employment for Cause, Executive shall be entitled only to the Accrued Obligations. Following termination of Executive's employment by the Company for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates;

(iii) The Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the Severance Term, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the Restricted Period with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above in this subsection (iii), that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following such termination shall be paid to Executive, subject to Section 8(m) below, in a lump sum on December 31, 2017; provided further, however,

that Executive shall not be entitled to any amounts pursuant to this Section 8(d)(iii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iv) (A) An amount equal to seventy-five percent (75%) of Executive's Annual Bonus (determined using the greater of (1) the target Annual Bonus for the fiscal year in which such termination occurs and (2) the actual Annual Bonus for the fiscal year in which such termination occurs) (or if such termination occurs within one year following a Change in Control, an amount equal to the sum of (x) seventy-five percent (75%) of Executive's then-current Base Salary plus (y) 150% of Executive's Annual Bonus (determined in the same manner as set forth above)), such amount to be paid in substantially equal installments over the Severance Term in accordance with the Company's regular payroll practices; and (B) upon the expiration of the Restricted Period, and subject to Executive's compliance during such period with the terms and conditions of this Agreement, a lump sum amount equal to twenty-five percent (25%) of Executive's Annual Bonus (determined using the greater of (1) the target Annual Bonus for the fiscal year in which such termination occurs and (2) the actual Annual Bonus for the fiscal year in which such termination occurs) (or if such termination occurs within one year following a Change in Control, an amount equal to the sum of (x) twenty-five percent (25%) of Executive's then-current Base Salary plus (y) 50% of Executive's Annual Bonus (determined in the same manner as set forth above));

(v) A pro rata Annual Bonus (determined using the target Annual Bonus for the fiscal year in which such termination occurs) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such termination, such amount to be paid on the first administratively feasible payroll date following such termination;

(vi) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, (A) continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Severance Term, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Severance Term with the terms and conditions of this Agreement; and (B) following the expiration of the continuation period in (A) above, to the extent permitted by the Company's health care insurance provider and to the extent such coverage would not result in a material increase in the premium cost to the Company or its Affiliates, Executive shall be entitled to continue participating in the Company's (or, in the discretion of the Company, an Affiliate's) health plans (as in effect from time to time) in respect of Executive and Executive's covered dependents, at Executive's sole expense and availability of coverage in accordance with the policies of the insurance provider, until the earliest to occur of (x) the date Executive (or a covered dependent, as applicable) attains age sixty-five (65); provided, that, in the event that a covered dependent turns sixty-five (65), Executive's ability to maintain coverage under the Company's or

Affiliate's health plans shall only terminate with respect to Executive's covered dependent, (y) the date on which Executive (or a covered dependent, as applicable) becomes eligible to receive coverage under any other health plan provided by a new employer; provided, that, in the event that a covered dependent receives coverage under any other such health plan, Executive's ability to maintain coverage under the Company's or Affiliate's health plans shall only terminate with respect to such covered dependent, and (z) the date on which Executive breaches any of the terms of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (vi) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (vi), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Severance Term (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(vii) (A) Vesting, as of the date of such termination, of all Awards, other than Awards that as of their date of grant were subject to both service- and performance-based vesting requirements, which shall remain outstanding through the last day of the applicable performance periods, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting periods; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein, and (B) any Awards that are stock options shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the six-month anniversary of the date of Executive's termination.

Notwithstanding the foregoing, the payments and benefits described in subsections (ii) through (vii) above shall immediately cease, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof.

Following termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.



(e) Termination by Executive with Good Reason. Executive may terminate Executive's employment with Good Reason by providing the Company fifteen (15) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. During such fifteen (15) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the date immediately following the expiration of the fifteen (15) day notice period, and Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination without Cause, it being agreed that Executive's right to any such payments and benefits shall be subject to the same terms and conditions as described in Section 8(d) above. Following termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Executive without Good Reason. Executive may terminate Executive's employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive without Good Reason under this Section 8(f), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) The Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the Severance Term, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the Restricted Period with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above, that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following such termination shall be paid to Executive, subject to Section 8(n) below, in a lump sum on December 31, 2017; provided further, however, that Executive shall not be entitled to any amounts pursuant to this Section 8(f)(ii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iii) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Severance Term, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Severance Term with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (iii) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health

benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (iii), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Severance Term (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(iv) If such termination is a Retirement, subject to Executive's continued compliance with the provisions of Section 9 hereof, (A) any Awards that are stock options and that have been held by Executive for at least one year at the time of Retirement (1) and that are unvested at the date of Executive's termination shall continue to vest as if Executive had remained employed through the applicable vesting period, and (2) shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the second anniversary of the later of the date of Executive's termination and the actual vesting date, and (B) any Awards that as of their date of grant were subject to both service- and performance-based vesting requirements shall remain outstanding through the last day of the applicable performance period, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting period; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein.

In the event of termination of Executive's employment under this Section 8(f), the Company may, in its sole and absolute discretion, by written notice accelerate such date of Executive's termination and still have it treated as a termination by Executive without Good Reason (and as a Retirement if applicable).

Following termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement, and Executive shall have no further obligations to the Company, except as set forth in Sections 8(j), 9, 10, 12(c) and 13 hereof.

(g) Expiration of the Term of Employment following a Non-Extension Notice by the Company. Upon the timely delivery of a Non-Extension Notice by the Company to Executive, Executive's employment shall terminate upon the close of business of the last day of the Term of Employment. Upon such expiration of the Term of Employment, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination without Cause, it being agreed that Executive's right to any such payments and benefits shall be subject to the same terms and conditions as described in Section 8(d) above. Following termination of

Executive's employment upon expiration of the Term of Employment following a Non-Extension Notice by the Company, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Expiration of the Term of Employment following a Non-Extension Notice by Executive. Upon the timely delivery of a Non-Extension Notice by Executive to the Company, Executive's employment shall terminate upon the close of business of the last day of the Term of Employment. Upon such expiration of the Term of Employment, Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) The Applicable Severance Benefits, payable (x) as to seventy-five percent (75%) thereof in substantially equal installments over the Restricted Period, in accordance with the Company's regular payroll practices, and (y) as to twenty-five percent (25%) thereof, subject to Executive's compliance during the Restricted Period with the terms and conditions of this Agreement, in a lump sum upon the expiration of such period; provided, however, that notwithstanding the payment schedule set forth above, that portion of the Applicable Severance Benefits remaining unpaid as of December 31, 2017, following such termination shall be paid to Executive, subject to Section 8(m) below, in a lump sum on December 31, 2017; provided further, however, that Executive shall not be entitled to any amounts pursuant to this Section 8(h)(ii) to the extent Executive received any benefits pursuant to Section 8(l) below prior to such termination;

(iii) Any unpaid Annual Bonus in respect of any completed fiscal year which has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates; and

(iv) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Severance Term, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Severance Term with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (iv) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (iv), provide to

Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Severance Term (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination.

Following termination of Executive's employment upon expiration of the Term of Employment following a Non-Extension Notice by Executive, except as set forth in this Section 8(h), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(i) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to this Section 8 (other than the Accrued Obligations), Executive and the Company shall have executed mutual general releases in the form as is reasonably agreed to by the Company and Executive, and any waiting periods contained in such release shall have expired. Such release, if required by the Company, shall be delivered to Executive within ten (10) business days following the termination of Executive's employment hereunder, and the Company's failure to deliver such release to Executive within such ten (10) business day period shall constitute a waiver of such requirement. Assuming a timely delivery of the release by the Company, if Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to this Section 8 (other than the Accrued Obligations). Notwithstanding anything herein to the contrary, in any case where the date of Executive's termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year. For purposes of this Agreement, "Release Expiration Date" means the date that is twenty-one (21) days following the date upon which the Company timely delivers to Executive the release contemplated herein, or in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the U.S. Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(j) Post-Termination Cooperation. Following any termination of Executive's employment for any reason, Executive shall reasonably cooperate with the Company to assist with existing or future investigations, proceedings, litigations or examinations involving the Company or any Affiliates. For each day, or part thereof, that Executive provides assistance to the Company as contemplated hereunder, the Company shall pay Executive an amount equal to (x) divided by (y), where (x) equals the sum of Base Salary and target Annual Bonus as in effect on the date of Executive's termination of employment, and (y) equals two hundred (200). In addition, upon presentment of satisfactory documentation, the Company will reimburse Executive for reasonable out-of-pocket travel, lodging and other incidental expenses Executive incurs in providing such assistance. Executive shall not be required to travel to Bermuda to provide any assistance contemplated hereunder, but if requested by the Company, shall make reasonable good faith efforts to travel to such locations as the Company may reasonably request.

(k) Section 409A. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a “separation from service” as defined in U.S. Treasury Regulation Section 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive’s termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 8 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive’s ultimate “separation from service.”

(l) Accelerated Payment of Applicable Severance Benefits. To the extent Executive has not suffered a termination of employment prior to December 31, 2017, Executive shall be entitled to receive an amount equal to the Applicable Severance Benefits, payable in a lump sum on December 31, 2017; provided, however, that to the extent Executive ceases to comply with the terms and conditions of this Agreement or is terminated by the Company for Cause, in either case following the date on which Executive receives the Applicable Severance Benefits pursuant to this Section 8(l), Executive shall repay to the Company an amount equal to the Applicable Severance Benefits.

(m) Prepayment of Certain Severance Benefits. During each calendar year, but ending upon Executive’s termination of employment, Executive shall receive a payment (each such payment, a “Prepaid Severance Installment”) equal to the amount, if any, by which Executive’s Base Salary as in effect as of the end of the immediately preceding calendar year (the “Prior Year”) exceeded Executive’s Base Salary as in effect as of the end of the calendar year immediately preceding the Prior Year; provided, however, that to the extent Executive ceases to comply with the terms and conditions of this Agreement or is terminated by the Company for Cause (each case, a “Repayment Trigger”), Executive shall repay to the Company an amount equal to all Prior Prepaid Severance Installments and all Prepaid Severance Installments received, if any, prior to the occurrence of such Repayment Trigger. Notwithstanding anything herein to the contrary, if, prior to the payment of any Prepaid Severance Installment(s) in respect of a given year or year(s), Executive suffers a termination of employment as a result of which Executive becomes entitled to payment of the Applicable Severance Benefits (or would have become entitled to the Applicable Severance Benefits but for the operation of Section 8(l) above), such then-unpaid Prepaid Severance Installment(s) shall be paid to Executive upon such termination.

(n) Clawback of Applicable Severance Benefits. To the extent (x) all or any portion of the payment to Executive of the Applicable Severance Benefits is accelerated to December 31, 2017, pursuant to the provision set forth in Section 8(b)(iii), (d)(iii), (f)(ii), or (h)(ii), as applicable (including to the extent payable by cross-reference to any of such provisions) (the “Accelerated Severance Amount”), and (y) subsequent to December 31, 2017, and during the Restricted Period Executive ceases to comply with the terms and conditions of this Agreement, Executive shall repay to the Company an amount equal to the Accelerated Severance Amount.

(o) Offset. In the event Executive is required to repay any amounts to the Company pursuant to Section 8(l), (m), or (n), the Company may offset such amounts against any monies owed to Executive or Executive's estate following the date on which such obligation to repay arises, except to the extent such offset is not permitted under Section 409A of the Code without the imposition of additional taxes or penalties on Executive.

### **Section 9. Restrictive Covenants.**

Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the Company's business and assets, and (B) by Executive's employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience, and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the Company's substantial detriment. For purposes of this Section 9, references to the Company shall be deemed to include its Affiliates.

(a) Confidential Information. Except as directed or authorized by the Company, Executive agrees that Executive will not, at any time during or after the Term of Employment, make use of or divulge to any other Person any trade or business secret, process, method or means, or any other confidential information concerning the business or policies of the Company or any of its divisions, subsidiaries or Affiliates (whether or not recorded in documentary form, or stored on any magnetic or optical disk or memory or other object) that Executive may have learned in connection with Executive's employment hereunder and that Executive knows to be confidential or proprietary ("Confidential Information"). Executive's obligation under this Section 9(a) shall not apply to any information that (i) is known publicly without the fault of Executive; (ii) is in the public domain or hereafter enters the public domain without the fault of Executive; (iii) is known to Executive prior to Executive's receipt of such information from the Company, as evidenced by written records of Executive; or (iv) is hereafter disclosed to Executive by a third party not under an obligation of confidence to the Company. Executive agrees not to remove from the premises of the Company, except as an employee of the Company in pursuit of the business of the Company or except as specifically permitted by the Company, any document or other object containing or reflecting any such Confidential Information. Executive recognizes that all such documents and objects, whether developed by Executive or by someone else, will be the sole exclusive property of the Company. Upon termination of Executive's employment hereunder, Executive shall forthwith deliver to the Company all such Confidential Information, including without limitation all lists of customers, correspondence, accounts, records and any other documents or property made or held by Executive or under Executive's control in relation to the business or affairs of the Company or its divisions, subsidiaries or Affiliates, and no copy of any such Confidential Information shall be retained by Executive.

(b) Whistleblower; Defending Trade Secrets Act Disclosure.

(iii) In addition, Executive understands that nothing in this Agreement shall be construed to prohibit Executive from reporting possible violations of law or regulation to

any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

(iv) Executive understands that the U.S. Defending Trade Secrets Act provides that Executive may not be held criminally or civilly liable under any U.S. Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a U.S. Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that Executive files a lawsuit for retaliation by the Company, any of its direct or indirect subsidiaries or its affiliates for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

(c) Non-Competition. Executive covenants and agrees that during the Restricted Period, Executive shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 9(c) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly held corporation or from being a passive investor in any mutual fund, hedge fund, private equity fund or similar pooled account so long as Executive's interest therein is less than three percent (3%) and Executive has no role in selecting or managing investments thereof.

(d) Non-Interference. During the Restricted Period, Executive shall not, directly or indirectly, for Executive's own account or for the account of any other Person, engage in Interfering Activities.

(e) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of the Company of any nature and in whatever medium, and Executive shall not take with Executive any such property, documents or data, or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(f) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements and trade secrets, whether or not patentable or registerable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed

business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information and/or Company resources or in consultation with Company personnel (collectively referred to as “Developments”). Executive hereby assigns to the Company all right, title and interest in and to any and all of these Developments. Executive agrees to assist the Company, at the Company’s expense (but for no other consideration of any kind), to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive’s behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship that are made by Executive (solely or jointly with others) within the scope of employment and that are protectable by copyright are “works made for hire,” as that term is defined in the U.S. Copyright Act (17 U.S.C. § 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as “moral rights.” To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(g) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

#### **Section 10. Breach of Restrictive Covenants.**

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company or its Affiliates for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof. Notwithstanding any other provision to the contrary, the Restricted Period shall be tolled during any period of violation of any of the covenants in Section 9(c) or (d) hereof and during any other period required for litigation during which the Company seeks to enforce such covenants against Executive or another Person with whom Executive is affiliated if it is ultimately determined that Executive was in breach of such covenants.



## **Section 11. Representations and Warranties of Executive.**

Executive represents and warrants to the Company that:

- (a) Executive's employment will not conflict with or result in Executive's breach of any agreement to which Executive is a party or otherwise may be bound;
- (b) Executive has not violated, and in connection with Executive's employment with the Company will not violate, any non-solicitation, non-competition or other similar covenant or agreement of a prior employer by which Executive is or may be bound; and
- (c) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information that Executive may have obtained in connection with employment with any prior employer.

## **Section 12. Indemnification**

(a) Indemnification. The Company shall defend, hold harmless and indemnify Executive to the fullest extent permitted by Bermuda law, as currently in effect or as it may hereafter be amended, from and against any and all damages, losses, liabilities, obligations, claims of any kind, costs, interest or expenses (including, without limitation, reasonable attorneys' fees and expenses) (collectively, "Losses") that may be incurred or suffered by Executive in connection with or arising out of Executive's service with the Company or its Affiliates (whether prior to or following the date hereof), subject only to the provisions of subsection (b) below.

(b) Exceptions to Right of Indemnification. No indemnification shall be made under this Section 12 in respect of the following:

- (v) Losses relating to the disgorgement remedy contemplated by Section 16 of the Exchange Act;
- (vi) Losses arising out of a knowing violation by Executive of a material provision of this Section 12 or any other agreement to which Executive is a party with the Company or its Affiliates; and
- (vii) Losses arising out of a final, nonappealable conviction of Executive by a court of competent jurisdiction for a knowing violation of criminal law.

Moreover, the Company shall not effect any advances, or advance any costs, relating to any proceeding (or part thereof) initiated by Executive unless the initiation thereof was approved by the Board, or as may be approved or ordered by a competent tribunal.

(c) Prepayment of Expenses. Unless Executive otherwise elects via written notice to the Company, expenses incurred in defending any civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt by the Company of a written affirmation of Executive's good faith belief

that Executive's conduct does not constitute the sort of behavior that would preclude Executive's indemnification under this Section 12 and Executive furnishes the Company a written undertaking, executed personally or on Executive's behalf, to repay any advances if it is ultimately determined that Executive is not entitled to be indemnified by the Company under this Section 12.

(d) Continuation of Indemnity. All agreements and obligations of the Company contained in this Section 12 shall continue during the period in which Executive is employed by the Company and shall continue thereafter so long as Executive shall be subject to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that Executive was employed by the Company.

(e) Indemnification Hereunder Not Exclusive. The indemnification and prepayment of expenses provided by this Section 12 are in addition to and shall not be deemed exclusive of any other right to which Executive may be entitled under the Company's Memorandum of Association, the Company's Bye-Laws, any agreement, any vote of shareholders or disinterested directors, Bermuda law, any other law (common or statutory) or otherwise. Nothing contained in this Section 12 shall be deemed to prohibit the Company from purchasing and maintaining insurance, at its expense, to protect itself or Executive against any expense, liability or loss incurred by it or Executive, whether or not Executive would be indemnified against such expense, liability or loss under this Section 12; provided, that the Company shall not be liable under this Section 12 to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Executive has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise. In the event the Company makes any indemnification payments to Executive and Executive is subsequently reimbursed from the proceeds of insurance, Executive shall promptly refund such indemnification payments to the Company to the extent of such insurance reimbursement.

**Section 13. Taxes.**

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law.

**Section 14. Mitigation; Set-Off.**

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall not be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its Affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Sections 8(b)(v), 8(d)(vi), 8(f)(iii), 8(h)(iv) and 8(o) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

**Section 15. Delay in Payment; Section 409A of the Code.**

Notwithstanding any provision in this Agreement to the contrary, any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code. On the earliest date on which such payments can be made without violating the requirements of Section 409A(a)(2)(B)(i) of the Code, there shall be paid to Executive, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence. This Agreement is intended to comply with Section 409A of the Code, and any ambiguous provisions hereof will be construed in a manner that is compliant with the application of Section 409A of the Code. If a provision of this Agreement would result in the imposition of any additional tax under Section 409A of the Code, the parties agree that such provision shall be reformed to the extent permissible under Section 409A of the Code to avoid imposition of the additional tax, with such reformation effected in a manner that has the most favorable tax result to Executive. For purposes of Code Section 409A, each payment or amount due under this Agreement shall be considered a separate payment, and Executive's entitlement to a series of payments under this Agreement is to be treated as an entitlement to a series of separate payments.

**Section 16. Successors and Assigns; No Third-Party Beneficiaries.**

(a) The Company. This Agreement shall inure to the benefit of and be enforceable by, and may be assigned by the Company to, any purchaser of all or substantially all of the Company's business or assets or any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise). The Company will require in a writing delivered to Executive any such purchaser, successor or assignee to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such purchase, succession or assignment had taken place. The Company may make no other assignment of this Agreement or its obligations hereunder.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; provided, however, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 16(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, its Affiliates, and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

**Section 17. Waiver and Amendments.**

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to by the Company (or, if required, the Compensation Committee). No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any

subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

**Section 18. Severability.**

If any covenants or other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

**Section 19. Governing Law.**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF BERMUDA (WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF) APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH COUNTRY.

**Section 20. Notices.**

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first (1st) business day following the date of such mailing, (iii) if mailed by registered or certified mail, on the third (3rd) business day after the date of such mailing, or (iv) if transmitted by facsimile or electronic mail, on the date of such transmission.

**Section 21. Section Headings.**

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

**Section 22. Entire Agreement.**

This Agreement constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive following the Commencement Date. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings

and agreements between the parties relating to the subject matter of this Agreement, including, without limitation, the Prior Employment Agreement. Prior to the Commencement Date, the Prior Employment Agreement shall remain in full force and effect.

**Section 23. Survival of Operative Sections.**

Upon any termination of Executive's employment, the provisions of Section 8 through Section 24 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

**Section 24. Counterparts.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

\* \* \*

*[Signatures to appear on the following page(s).]*

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement as of the date first above written.

**RENAISSANCERE HOLDINGS LTD.**

By: — Name:  
Title:

**EXECUTIVE**

[ ]

[Signature Page to [ ] Further Amended and Restated Employment Agreement]

**[FURTHER] [AMENDED AND RESTATED]  
EMPLOYMENT AGREEMENT**

This [FURTHER] [AMENDED AND RESTATED] EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of this [ ] day of [ ] 20[ ], by and between RenaissanceRe Holdings Ltd. (the “Company”) and [ ] (“Executive”).

**WITNESSETH:**

[**WHEREAS**, the Company and Executive are presently parties to the Prior Employment Agreement;]

**WHEREAS**, the Compensation Committee of the Board of Directors of the Company has approved a standard form of agreement for use in connection with the Company’s senior executive officers, substantially in the form hereof; and

**WHEREAS**, the Company desires to enter into this Agreement to embody the terms of Executive’s [continued] employment with the Company following the Commencement Date, and Executive desires to enter into this Agreement and to accept such [continued] employment, subject to the terms and provisions of this Agreement.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Executive hereby agree as follows:

**Section 1. Definitions.**

(a) “Accrued Obligations” shall mean (i) all accrued but unpaid Base Salary through the date of termination of Executive’s employment; (ii) any unpaid or unreimbursed expenses incurred in accordance with Company policy, including amounts due under Section 7 hereof, to the extent incurred prior to termination of employment; (iii) any benefits provided under the Company’s employee benefit plans upon a termination of employment, in accordance with the terms therein, including rights in respect of Awards granted under the Equity Plans; and (iv) rights to indemnification pursuant to Section 12 below.

(b) “Affiliate” shall mean, as to any Person, any other Person that controls, is controlled by, or is under common control with, such Person.

(c) “Agreement” shall have the meaning set forth in the preamble hereto.

(d) “Annual Bonus” shall have the meaning set forth in Section 4(b) below.

(e) “Awards” shall mean any stock options, restricted stock or other stock-based awards granted to Executive at any time under the Equity Plans[, including any such awards granted prior to the Commencement Date].

(f) “Base Salary” shall mean the salary provided for in Section 4(a) or any increased salary granted to Executive pursuant to Section 4(a) below.

(g) “Board” shall mean the Board of Directors of the Company.

(h) “Cause” shall mean (i) a material act or acts of willful misconduct by Executive in connection with Executive’s employment duties; (ii) misappropriation by Executive of the assets or business opportunities of the Company or its Affiliates; (iii) embezzlement or fraud committed by Executive, at Executive’s direction or with Executive’s prior personal knowledge; (iv) Executive’s conviction of, or plea of guilty or nolo contendere to, the commission of a criminal act that would constitute a felony in the United States of America; or (v) Executive’s willful, material and continuous breach of any of the provisions set forth in Section 3, Section 9 or Section 11 of this Agreement.

(i) “Change in Control” shall have the meaning ascribed to such term in the Company’s 2016 Long-Term Incentive Plan, as may be amended and/or restated from time to time, or any successor plan thereto.

(j) “COBRA” shall mean Part 6 of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, and Section 4980B of the Code, and the rules and regulations promulgated under either of them.

(k) “Code” shall mean the U.S. Internal Revenue Code of 1986, as amended.

(l) “Commencement Date” shall mean [ ].

(m) “Compensation Committee” shall mean the Compensation and Corporate Governance Committee of the Board.

(n)

“Company” shall have the meaning set forth in the preamble hereto, except as otherwise expressly set forth herein.

(o) “Competitive Activities” shall mean any business activities in which the Company or any of its Affiliates are engaged (or have committed plans to engage) during the Term of Employment, or at the time of a termination of Executive’s employment were engaged (or had committed plans to engage following such termination of employment).

(p) “Confidential Information” shall have the meaning set forth in Section 9(a) below.

(q) “Developments” shall have the meaning set forth in Section 9(f) below.

(r) “Direct Supervisor” shall mean the person to whom Executive directly reports and who supervises Executive’s work on a regular basis.

(s) “Disability” shall mean any physical or mental disability or infirmity that has prevented the performance of Executive’s duties for a period of ninety (90) consecutive calendar



days or one hundred eighty (180) non-consecutive calendar days in any three hundred sixty-five (365) day period. Any question as to the existence, extent or potentiality of Executive's Disability upon which Executive and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Executive (which approval shall not be unreasonably withheld). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(t) "Equity Plans" shall mean the equity incentive plans adopted and maintained by the Company from time to time.

(u) "Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended.

(v) "Executive" shall have the meaning set forth in the preamble hereto.

(w) "Good Reason" shall mean, without Executive's consent:

(i) an adverse change in Executive's employment title or reporting relationship such that Executive no longer reports directly to the [ ] of the Company;

(ii) a material diminution in Executive's employment duties, responsibilities or authority, or the assignment to Executive of duties that are materially inconsistent with Executive's position[, including, following the occurrence of a Change in Control, Executive ceasing to be the [ ] of a public company];

(iii) a reduction in Executive's Base Salary, target Annual Bonus or incentive compensation opportunities, or a material reduction in the benefits provided to Executive in the aggregate;

(iv) a relocation of Executive's principal place of employment to a location more than thirty-five (35) miles farther from Executive's current principal residence than the location at which Executive was employed immediately preceding such change or any reassignment of Executive's duties not requested or initiated by Executive that would require Executive to relocate Executive's primary residence;

(v) after a Change in Control, (x) the alteration of Executive's position in a way that significantly changes Executive's status, offices, reporting requirements, authority, or responsibilities as they existed before the Change in Control, whether or not Executive's title and location remain the same, or (y) the discontinuance or reduction in benefits to Executive of any qualified or non-qualified retirement or welfare plan maintained by the Company immediately prior to the Change in Control, or the discontinuance of any material fringe benefit or other perquisite which Executive received immediately prior to the Change in Control;

(vi) the failure of the Company to obtain a written agreement at least five (5) business days prior to the anticipated closing date of any transaction giving rise to a

Change in Control from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or

(vii) a breach by the Company of any material provision of this Agreement or any material provision of any award agreement under any Equity Plan between Executive and the Company.

(x) “Interfering Activities” shall mean (i) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person who is employed by, an agent of, or a service provider to, the Company or any Affiliate thereof to terminate (or, in the case of an agent or service provider, reduce) such Person’s employment, agency or service, as the case may be, with the Company or such Affiliate; (ii) hiring any Person who was employed by, an agent of, or a service provider to, the Company or any Affiliate thereof within the six (6) month period prior to the date of such hiring; or (iii) encouraging, soliciting or inducing, or in any manner attempting to encourage, solicit or induce, any customer, supplier, licensee or other business relation of the Company or any Affiliate thereof to cease doing business with or reduce the amount of business conducted with (including by providing similar services or products to any such Person) the Company or such Affiliate, or in any way interfering with the relationship between any such customer, supplier, licensee or business relation and the Company or such Affiliate.

(y) [“Legacy 2010 Plan Awards” shall have the meaning set forth in Section 4(d) below.]

(z) “Losses” shall have the meaning set forth in Section 12(a) below.

(aa) “Non-Competition Consideration” shall have the meaning set forth in Section 1(bb) below.

(bb) “Non-Competition Period” shall mean the period commencing on the [Prior] Commencement Date and:

(i) in the case of Executive’s termination of employment hereunder for any reason other than pursuant to Section 8(f) or (h) below, ending on the twelve (12) month anniversary of the date of such termination; or

(ii) in the case of Executive’s termination of employment hereunder pursuant to Section 8(f) or (h) below, ending on the date of such termination; provided, however, that the Company may elect to extend the Non-Competition Period up to an additional twelve (12) months following the date of such termination by providing Executive written notice of such election within five (5) business days following such termination specifying the applicable period of extension, in which case, Executive shall be entitled to receive an amount equal to his then-current Base Salary, prorated to the extent the Company has elected to extend the Non-Competition Period for less than twelve (12)

months (such amount, so prorated, as applicable, the “Non-Competition Consideration”), payable as follows: (A) an amount equal to seventy-five percent (75%) of the Non-Competition Consideration shall be paid in substantially equal installments over the Non-Competition Period, in accordance with the Company’s regular payroll practices, and (B) an amount equal to twenty-five percent (25%) of the Non-Competition Consideration shall be paid in a lump sum upon the expiration of the Non-Competition Period, subject in the case of both (A) and (B) to Executive’s compliance during such period with the terms and conditions of Section 9 of this Agreement.

(cc) “Non-Extension Notice” shall have the meaning set forth in Section 2 below.

(dd) “Non-Interference Period” shall mean the period commencing on the [Prior] Commencement Date and ending on the twelve (12) month anniversary of Executive’s termination of employment hereunder for any reason.

(ee) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(ff) [“Prior Commencement Date” shall mean [ ].]

(gg) [“Prior Employment Agreement” shall mean the [Amended and Restated] Employment Agreement between the Company and Executive, dated [ ].]

(hh) “Release Expiration Date” shall have the meaning set forth in Section 8(i) below.

(ii) “Restricted Area” shall mean (i) Bermuda, (ii) any State of the United States of America, (iii) the Republic of Ireland, (iv) the Republic of Singapore, (v) the United Kingdom, and (vi) any other jurisdiction in which the Company or its Affiliates engage (or have committed plans to engage) in business during the Term of Employment, or following termination of Executive’s employment were engaged in (or had committed plans to engage in) at the time of such termination of employment.

(jj) “Retirement” shall mean a termination of employment by Executive without Good Reason on or following the later of (x) the first date on which the sum of Executive’s age and years of service (in each case measured on a daily basis) with the Company equals sixty-five (65) and (y) the date on which Executive has first completed five (5) years of service with the Company.

(kk) “Severance Term” shall mean the twelve (12) month period following the date of Executive’s termination of employment hereunder (1) due to Disability, (2) by the Company without Cause, (3) by Executive with Good Reason, or (4) by reason of any Non-Extension Notice from the Company.

(ll) “Term of Employment” shall mean the period specified in Section 2 below.

**Section 2. Acceptance and Term of Employment.**

The Company agrees to continue to employ Executive, and Executive agrees to continue to serve the Company, on the terms and conditions set forth herein. Unless earlier terminated pursuant to Section 8 hereof, the Term of Employment is the period which commenced on the [Prior] Commencement Date and continues until the first (1st) anniversary of the Commencement Date; provided, however, that the Term of Employment shall be extended automatically, without further action by either the Company or Executive, by one (1) additional year first on such anniversary of the Commencement Date, and on each subsequent anniversary of the Commencement Date thereafter, unless, not less than thirty (30) days prior to the end of the Term of Employment (including any extension thereof), either the Company or Executive shall have notified the other in writing of its or Executive's intention not to further extend the Term of Employment (a "Non-Extension Notice").

**Section 3. Duties and Responsibilities; Place of Performance.**

(a) Executive shall have such duties and responsibilities as specified by the Direct Supervisor. These duties and responsibilities may be modified from time to time and as are consistent with Executive's position.

(b) Subject to the terms and conditions set forth in this Agreement, Executive shall devote Executive's full business time, attention, and efforts to the performance of Executive's duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (x) conflicts with the interests of the Company or its Affiliates, (y) interferes with the proper and efficient performance of Executive's duties for the Company, or (z) interferes with the exercise of Executive's judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving, with the consent of the Company, as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii) and (iii) shall be limited by Executive so as not to interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

(c) Executive's principal place of employment shall be at the Company's principal executive offices in Hamilton, Bermuda, although Executive understands and agrees that Executive may be required to travel from time to time for business reasons.

**Section 4. Compensation.**

During the Term of Employment, Executive shall be entitled to the following compensation, subject to such withholding and other employee deductions as may be required by law:

(a) Base Salary. The Company shall pay Executive a Base Salary at a rate to be determined by the Compensation Committee (or its designee), upon recommendation of the

Direct Supervisor. Base Salary shall be payable in accordance with the regular payroll procedures of the Company.

(b) Annual Bonus. Executive shall be eligible for an annual cash incentive bonus award determined by the Compensation Committee (or its designee) in respect of each fiscal year during the Term of Employment (the "Annual Bonus"). The actual Annual Bonus payable in respect of each fiscal year shall be based upon the level of achievement of performance objectives for such fiscal year, as determined by the Compensation Committee (or its designee) and communicated to Executive. The Annual Bonus shall be paid to Executive at the same time as annual bonuses are generally payable to other similarly situated executives of the Company in similar locations, subject to Executive's continuous employment through the payment date except as otherwise provided for in this Agreement.

(c) Equity Plans. Executive shall be eligible to participate in the Equity Plans and may receive Awards, as determined by the Compensation Committee from time to time, and subject to the terms and conditions of the Equity Plans and any Award agreement between the Company and Executive evidencing such Awards.

(d) [Treatment of Legacy 2010 Plan Awards. This Section 4(d) shall apply only to Awards granted to Executive under the Company's 2010 Performance-Based Equity Incentive Plan, as amended, prior to the Commencement Date (collectively, the "Legacy 2010 Plan Awards"). Upon the occurrence of a Change in Control, provided Executive remains employed by the Company through the date of such Change in Control, all Legacy 2010 Plan Awards consisting of restricted stock that as of their date of grant were subject to both service- and performance-based vesting requirements shall immediately fully vest based on target level attainment of the performance goals applicable to such Legacy 2010 Plan Awards, or if greater, based on pro-forma performance over the entire performance period extrapolated from the performance run rate through the end of the fiscal year immediately preceding the year in which such Change in Control occurred.]

#### **Section 5. Employee Benefits and Perquisites.**

(a) Employee Benefits. During the Term of Employment, Executive shall be entitled to participate in health, insurance, retirement, and other benefits generally provided to similarly situated senior executives of the Company in similar locations from time to time. Executive shall also be entitled to the same number of holidays, vacation days and sick days as are generally allowed to similarly situated senior executives of the Company in similar locations in accordance with the Company policy in effect from time to time.

(b) Perquisites. During the Term of Employment, the Company shall provide Executive with perquisites provided generally to similarly situated executives of the Company in similar locations, subject to applicable policies of the Company as approved from time to time by the Compensation Committee.

#### **Section 6. "Key-man" Insurance.**

At any time during the Term of Employment, the Company shall have the right to insure the life of Executive for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Executive shall have no interest in any such policy, but agrees to reasonably cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information reasonably required by the insurance company, and executing all necessary documents, provided that no financial obligation or liability is imposed on Executive by any such documents.

**Section 7. Reimbursement of Business Expenses.**

Executive is authorized to incur reasonable business expenses in carrying out Executive's duties and responsibilities under this Agreement and the Company shall promptly reimburse Executive for all such reasonable business expenses incurred in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policy as in effect from time to time.

**Section 8. Termination of Employment.**

(a) General. The Term of Employment shall terminate upon the earliest to occur of (i) Executive's death, (ii) a termination by the Company by reason of a Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, and (v) the close of business on the last day of the Term of Employment (as provided in Section 2 above). Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, Executive shall resign from any and all directorships, committee memberships and any other positions Executive holds with the Company or any of its Affiliates.

(b) Death; Termination Due to Disability. Executive's employment shall terminate automatically upon Executive's death. The Company may terminate Executive's employment upon the occurrence of a Disability, such termination to be effective immediately upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated due to Executive's death or Disability, Executive or Executive's estate or Executive's beneficiaries, as the case may be, shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates;

(iii) In the case of any termination as a result of Executive's Disability only, an amount equal to seventy-five percent (75%) of Executive's then-current Base Salary, such

amount to be paid in substantially equal installments over the Severance Term, in accordance with the Company's regular payroll practices;

(iv) In the case of any termination as a result of Executive's Disability only, upon the expiration of the Severance Term, and subject to Executive's compliance during such period with the terms and conditions of this Agreement, a lump sum amount equal to twenty-five percent (25%) of Executive's then-current Base Salary;

(v) A pro rata Annual Bonus (determined using the target Annual Bonus for the fiscal year in which such termination occurs) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such termination, such amount to be paid on the first administratively feasible payroll date following such termination;

(vi) In the case of any termination as a result of Executive's Disability only, to the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Severance Term, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Severance Term with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (vi) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (vi), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Severance Term (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(vii) (A) Vesting, as of the date of Executive's termination, of all Awards, other than Awards that as of their date of grant were subject to both service- and performance-based vesting requirements, (B) all Awards that as of their date of grant were subject to both service- and performance-based vesting requirements shall remain outstanding through the last day of the applicable performance periods, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and

Executive remained employed through all applicable service vesting periods; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein, and (C) any Awards that are stock options shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the first anniversary of the date of Executive's termination.

Notwithstanding the foregoing, the payments and benefits described in subsections (ii) through (vii) above shall immediately cease, and the Company shall have no further obligations to Executive with respect thereto, in the event Executive breaches any provision of Section 9 hereof.

Following termination of Executive's employment by reason of Executive's death or Disability, except as set forth in this Section 8(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause.

(i) A termination for Cause shall not take effect unless the provisions of this subsection (i) are complied with. Executive shall be given not less than fifteen (15) days' written notice by or on behalf of the Board of the intention to terminate Executive's employment for Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Cause is based. Executive shall have fifteen (15) days after the date that such written notice has been given to Executive in which to cure such act or acts or failure or failures to act, to the extent such cure is possible. If Executive fails to cure such act or acts or failure or failures to act, the termination shall be effective on the date immediately following the expiration of the fifteen (15) day notice period. If cure is not possible, the termination shall be effective on the date of receipt of such notice by Executive.

(ii) In the event the Company terminates Executive's employment for Cause, Executive shall be entitled only to the Accrued Obligations. Following termination of Executive's employment by the Company for Cause, except as set forth in this Section 8(c)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Executive's employment at any time without Cause, effective upon Executive's receipt of written notice of such termination. In the event Executive's employment is terminated by the Company without Cause (other than due to death or Disability), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) Any unpaid Annual Bonus in respect of any completed fiscal year that has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no



event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates;

(iii) An amount equal to seventy-five percent (75%) (or if such termination occurs within one year following a Change in Control, one hundred fifty percent (150%)) of the sum of Executive's then-current Base Salary and Annual Bonus (determined using the greater of (1) the target Annual Bonus for the fiscal year in which such termination occurs and (2) the actual Annual Bonus for the fiscal year in which such termination occurs), such amount to be paid in substantially equal installments over the Severance Term in accordance with the Company's regular payroll practices;

(iv) Upon the expiration of the Severance Term, and subject to Executive's compliance during such period with the terms and conditions of this Agreement, a lump sum amount equal to twenty-five percent (25%) (or if such termination occurs within one year following a Change in Control, fifty percent (50%)) of the sum of Executive's then-current Base Salary and Annual Bonus (determined using the greater of (1) the target Annual Bonus for the fiscal year in which such termination occurs and (2) the actual Annual Bonus for the fiscal year in which such termination occurs);

(v) A pro rata Annual Bonus (determined using the target Annual Bonus for the fiscal year in which such termination occurs) based on the number of days elapsed from the commencement of such fiscal year through and including the date of such termination, such amount to be paid on the first administratively feasible payroll date following such termination;

(vi) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, (A) continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Severance Term, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Severance Term with the terms and conditions of this Agreement; and (B) following the expiration of the continuation period in (A) above, to the extent permitted by the Company's health care insurance provider and to the extent such coverage would not result in a material increase in the premium cost to the Company or its Affiliates, Executive shall be entitled to continue participating in the Company's (or, in the discretion of the Company, an Affiliate's) health plans (as in effect from time to time) in respect of Executive and Executive's covered dependents, at Executive's sole expense and availability of coverage in accordance with the policies of the insurance provider, until the earliest to occur of (x) the date Executive (or a covered dependent, as applicable) attains age sixty-five (65); provided, that, in the event that a covered dependent turns sixty-five (65), Executive's ability to maintain coverage under the Company's or Affiliate's health plans shall only terminate with respect to Executive's covered dependent, (y) the date on which Executive (or a covered dependent, as applicable) becomes eligible to receive coverage under any other health plan provided by a new

employer; provided, that, in the event that a covered dependent receives coverage under any other such health plan, Executive's ability to maintain coverage under the Company's or Affiliate's health plans shall only terminate with respect to such covered dependent, and (z) the date on which Executive breaches any of the terms of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (vi) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (vi), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Severance Term (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(vii) (A) Vesting, as of the date of such termination, of all Awards, other than Awards that as of their date of grant were subject to both service- and performance-based vesting requirements, which shall remain outstanding through the last day of the applicable performance periods, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting periods; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein, and (B) any Awards that are stock options shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the six-month anniversary of the date of Executive's termination.

Notwithstanding the foregoing, the payments and benefits described in subsections (ii) through (vii) above shall immediately cease, and the Company shall have no further obligations to Executive with respect thereto, in the event that Executive breaches any provision of Section 9 hereof.

Following termination of Executive's employment by the Company without Cause, except as set forth in this Section 8(d), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Termination by Executive with Good Reason. Executive may terminate Executive's employment with Good Reason by providing the Company fifteen (15) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which

written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. During such fifteen (15) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Executive's termination will be effective upon the date immediately following the expiration of the fifteen (15) day notice period, and Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination without Cause, it being agreed that Executive's right to any such payments and benefits shall be subject to the same terms and conditions as described in Section 8(d) above. Following termination of Executive's employment by Executive with Good Reason, except as set forth in this Section 8(e), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Executive without Good Reason. Executive may terminate Executive's employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Executive without Good Reason under this Section 8(f), Executive shall be entitled to:

(i) The Accrued Obligations;

(ii) The Non-Competition Consideration, if applicable;

(iii) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Non-Competition Period, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Non-Competition Period with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (iii) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (iii), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Non-Competition Period (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination; and

(iv) If such termination is a Retirement, subject to Executive's continued compliance with the provisions of Section 9 hereof, (A) any Awards that are stock options and that have been held by Executive for at least one year at the time of Retirement

(1) and that are invested at the date of Executive's termination shall continue to vest as if Executive had remained employed through the applicable vesting period, and (2) shall remain outstanding until the earliest of (x) exercise, (y) the expiration of the original term, and (z) the second anniversary of the later of the date of Executive's termination and the actual vesting date, and (B) any Awards that as of their date of grant were subject to both service- and performance-based vesting requirements shall remain outstanding through the last day of the applicable performance period, without regard for the termination of Executive's employment, and shall vest (or fail to vest and be forfeited) based on the level of actual attainment of performance goals at such time or times as would have been the case had the service vesting provisions continued to apply and Executive remained employed through all applicable service vesting period; provided, however, the eligibility for continued vesting based on performance shall immediately cease, and all Awards shall be forfeited, in the event that Executive violates any provision of the restrictive covenants set forth herein.

In the event of termination of Executive's employment under this Section 8(f), the Company may, in its sole and absolute discretion, by written notice accelerate such date of Executive's termination and still have it treated as a termination by Executive without Good Reason (and as a Retirement if applicable).

Following termination of Executive's employment by Executive without Good Reason, except as set forth in this Section 8(f), Executive shall have no further rights to any compensation or any other benefits under this Agreement, and Executive shall have no further obligations to the Company, except as set forth in Sections 8(j), 9, 10, 12(c) and 13 hereof.

(g) Expiration of the Term of Employment following a Non-Extension Notice by the Company. Upon the timely delivery of a Non-Extension Notice by the Company to Executive, Executive's employment shall terminate upon the close of business of the last day of the Term of Employment. Upon such expiration of the Term of Employment, Executive shall be entitled to the same payments and benefits as provided in Section 8(d) above for a termination without Cause, it being agreed that Executive's right to any such payments and benefits shall be subject to the same terms and conditions as described in Section 8(d) above. Following termination of Executive's employment upon expiration of the Term of Employment following a Non-Extension Notice by the Company, except as set forth in this Section 8(g), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Expiration of the Term of Employment following a Non-Extension Notice by Executive. Upon the timely delivery of a Non-Extension Notice by Executive to the Company, Executive's employment shall terminate upon the close of business of the last day of the Term of Employment. Upon such expiration of the Term of Employment, Executive shall be entitled to:

- (i) The Accrued Obligations;
- (ii) The Non-Competition Consideration, if applicable;

(iii) Any unpaid Annual Bonus in respect of any completed fiscal year which has ended prior to the date of such termination, such amount to be paid at the same time it would have otherwise been paid to Executive had no such termination occurred, but in no event later than two and one-half (2½) months following the end of the fiscal year to which such Annual Bonus relates; and

(iv) To the extent permitted by applicable law and the terms and conditions of the applicable plan and without penalty to the Company, continuation of the health benefits provided to Executive and Executive's covered dependents under the Company health plans as of the date of such termination at the same cost applicable to active employees until the earlier of: (1) the expiration of the Non-Competition Period, and (2) the date Executive commences employment with any Person, in each case, subject to Executive's compliance during the Non-Competition Period with the terms and conditions of this Agreement; provided, that, in the event that Executive is eligible for COBRA continuation coverage under the Company's health plans as of the date of such termination, provision of the benefit described in this subsection (iv) shall be subject to Executive's timely election of, and remaining eligible for, such coverage. Notwithstanding the foregoing, in the event the Company determines, in its sole discretion, that it cannot provide such continued health benefits under applicable law or the terms and conditions of the applicable plan without incurring financial costs or penalties or that the Company is otherwise unable to provide such continued health benefits on commercially reasonable terms and premiums therefor, then the Company shall, in lieu of the benefit described in this subsection (iv), provide to Executive a lump sum cash payment in the amount equal to the sum of the premiums that the Company would have paid in respect of such continued health benefits for the remainder of the Non-Competition Period (based on the premium rates as of the date of such termination), payable on the first administratively feasible payroll date following such determination.

Following termination of Executive's employment upon expiration of the Term of Employment following a Non-Extension Notice by Executive, except as set forth in this Section 8(h), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(i) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to this Section 8 (other than the Accrued Obligations), Executive and the Company shall have executed mutual general releases in the form as is reasonably agreed to by the Company and Executive, and any waiting periods contained in such release shall have expired. Such release, if required by the Company, shall be delivered to Executive within ten (10) business days following the termination of Executive's employment hereunder, and the Company's failure to deliver such release to Executive within such ten (10) business day period shall constitute a waiver of such requirement. Assuming a timely delivery of the release by the Company, if Executive fails to execute such release on or prior to the Release Expiration Date, Executive shall not be entitled to any payments or benefits pursuant to this Section 8 (other than the Accrued Obligations). Notwithstanding anything herein to the contrary, in any case where the date of Executive's

termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are treated as deferred compensation for purposes of Section 409A of the Code shall be made in the later taxable year. For purposes of this Agreement, “Release Expiration Date” means the date that is twenty-one (21) days following the date upon which the Company timely delivers to Executive the release contemplated herein, or in the event that such termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the U.S. Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(j) Post-Termination Cooperation. Following any termination of Executive’s employment for any reason, Executive shall reasonably cooperate with the Company to assist with existing or future investigations, proceedings, litigations or examinations involving the Company or any Affiliates. For each day, or part thereof, that Executive provides assistance to the Company as contemplated hereunder, the Company shall pay Executive an amount equal to (x) divided by (y), where (x) equals the sum of Base Salary and target Annual Bonus as in effect on the date of Executive’s termination of employment, and (y) equals two hundred (200). In addition, upon presentment of satisfactory documentation, the Company will reimburse Executive for reasonable out-of-pocket travel, lodging and other incidental expenses Executive incurs in providing such assistance. Executive shall not be required to travel to Bermuda to provide any assistance contemplated hereunder, but if requested by the Company, shall make reasonable good faith efforts to travel to such locations as the Company may reasonably request.

(k) Section 409A. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a “separation from service” as defined in U.S. Treasury Regulation Section 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive’s termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 8 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive’s ultimate “separation from service.”

#### **Section 9. Restrictive Covenants.**

Executive acknowledges and agrees that (A) the agreements and covenants contained in this Section 9 are (i) reasonable and valid in geographical and temporal scope and in all other respects, and (ii) essential to protect the value of the Company’s business and assets, and (B) by Executive’s employment with the Company, Executive will obtain knowledge, contacts, know-how, training and experience, and there is a substantial probability that such knowledge, know-how, contacts, training and experience could be used to the substantial advantage of a competitor of the Company and to the Company’s substantial detriment. For purposes of this Section 9, references to the Company shall be deemed to include its Affiliates.

(a) Confidential Information. Except as directed or authorized by the Company, Executive agrees that Executive will not, at any time during or after the Term of Employment, make use of or divulge to any other Person any trade or business secret, process, method or

means, or any other confidential information concerning the business or policies of the Company or any of its divisions, subsidiaries or Affiliates (whether or not recorded in documentary form, or stored on any magnetic or optical disk or memory or other object) that Executive may have learned in connection with Executive's employment hereunder and that Executive knows to be confidential or proprietary ("Confidential Information"). Executive's obligation under this Section 9(a) shall not apply to any information that (i) is known publicly without the fault of Executive; (ii) is in the public domain or hereafter enters the public domain without the fault of Executive; (iii) is known to Executive prior to Executive's receipt of such information from the Company, as evidenced by written records of Executive; or (iv) is hereafter disclosed to Executive by a third party not under an obligation of confidence to the Company. Executive agrees not to remove from the premises of the Company, except as an employee of the Company in pursuit of the business of the Company or except as specifically permitted by the Company, any document or other object containing or reflecting any such Confidential Information. Executive recognizes that all such documents and objects, whether developed by Executive or by someone else, will be the sole exclusive property of the Company. Upon termination of Executive's employment hereunder, Executive shall forthwith deliver to the Company all such Confidential Information, including without limitation all lists of customers, correspondence, accounts, records and any other documents or property made or held by Executive or under Executive's control in relation to the business or affairs of the Company or its divisions, subsidiaries or Affiliates, and no copy of any such Confidential Information shall be retained by Executive.

(b) Whistleblower; Defending Trade Secrets Act Disclosure.

(iii) In addition, Executive understands that nothing in this Agreement shall be construed to prohibit Executive from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

(iv) Executive understands that the U.S. Defending Trade Secrets Act provides that Executive may not be held criminally or civilly liable under any U.S. Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a U.S. Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that Executive files a lawsuit for retaliation by the Company, any of its direct or indirect subsidiaries or its affiliates for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

(c) Non-Competition. Executive covenants and agrees that during the Non-Competition Period, Executive shall not, directly or indirectly, individually or jointly, own any

interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 9(c) shall not prevent Executive from acquiring as an investment securities representing not more than three percent (3%) of the outstanding voting securities of any publicly held corporation or from being a passive investor in any mutual fund, hedge fund, private equity fund or similar pooled account so long as Executive's interest therein is less than three percent (3%) and Executive has no role in selecting or managing investments thereof.

(d) Non-Interference. During the Non-Interference Period, Executive shall not, directly or indirectly, for Executive's own account or for the account of any other Person, engage in Interfering Activities.

(e) Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (i) the property of the Company, and (ii) the documents and data of the Company of any nature and in whatever medium, and Executive shall not take with Executive any such property, documents or data, or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(f) Works for Hire. Executive agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements and trade secrets, whether or not patentable or registerable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the Term of Employment, whether or not during regular working hours, provided they either (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and development activities of the Company; (ii) result from or relate to any work performed for the Company; or (iii) are developed through the use of Confidential Information and/or Company resources or in consultation with Company personnel (collectively referred to as "Developments"). Executive hereby assigns to the Company all right, title and interest in and to any and all of these Developments. Executive agrees to assist the Company, at the Company's expense (but for no other consideration of any kind), to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Executive hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact to act for and on Executive's behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Executive. In addition, and not in contravention of any of the foregoing, Executive acknowledges that all original works of authorship that are made by Executive (solely or jointly with others) within the scope of employment and that are protectable by copyright are "works made for hire," as that term is defined in the U.S. Copyright Act (17 U.S.C. § 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights." To the extent Executive retains any such moral rights under applicable law, Executive hereby waives such moral rights and consents to any action



consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Executive will confirm any such waivers and consents from time to time as requested by the Company.

(g) Blue Pencil. If any court of competent jurisdiction shall at any time deem the duration or the geographic scope of any of the provisions of this Section 9 unenforceable, the other provisions of this Section 9 shall nevertheless stand and the duration and/or geographic scope set forth herein shall be deemed to be the longest period and/or greatest size permissible by law under the circumstances, and the parties hereto agree that such court shall reduce the time period and/or geographic scope to permissible duration or size.

#### **Section 10. Breach of Restrictive Covenants.**

Without limiting the remedies available to the Company, Executive acknowledges that a breach of any of the covenants contained in Section 9 hereof may result in material irreparable injury to the Company or its Affiliates for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 9 hereof, restraining Executive from engaging in activities prohibited by Section 9 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 9 hereof. Notwithstanding any other provision to the contrary, both the Non-Competition Period and the Non-Interference Period shall be tolled during any period of violation of any of the covenants in Section 9(c) or (d) hereof and during any other period required for litigation during which the Company seeks to enforce such covenants against Executive or another Person with whom Executive is affiliated if it is ultimately determined that Executive was in breach of such covenants.

#### **Section 11. Representations and Warranties of Executive.**

Executive represents and warrants to the Company that:

- (a) Executive's employment will not conflict with or result in Executive's breach of any agreement to which Executive is a party or otherwise may be bound;
- (b) Executive has not violated, and in connection with Executive's employment with the Company will not violate, any non-solicitation, non-competition or other similar covenant or agreement of a prior employer by which Executive is or may be bound; and
- (c) In connection with Executive's employment with the Company, Executive will not use any confidential or proprietary information that Executive may have obtained in connection with employment with any prior employer.

#### **Section 12. Indemnification**

(a) Indemnification. The Company shall defend, hold harmless and indemnify Executive to the fullest extent permitted by Bermuda law, as currently in effect or as it may hereafter be amended, from and against any and all damages, losses, liabilities, obligations, claims of any kind, costs, interest or expenses (including, without limitation, reasonable attorneys' fees and expenses) (collectively, "Losses") that may be incurred or suffered by Executive in connection with or arising out of Executive's service with the Company or its Affiliates (whether prior to or following the date hereof), subject only to the provisions of subsection (b) below.

(b) Exceptions to Right of Indemnification. No indemnification shall be made under this Section 12 in respect of the following:

(v) Losses relating to the disgorgement remedy contemplated by Section 16 of the Exchange Act;

(vi) Losses arising out of a knowing violation by Executive of a material provision of this Section 12 or any other agreement to which Executive is a party with the Company or its Affiliates; and

(vii) Losses arising out of a final, nonappealable conviction of Executive by a court of competent jurisdiction for a knowing violation of criminal law.

Moreover, the Company shall not effect any advances, or advance any costs, relating to any proceeding (or part thereof) initiated by Executive unless the initiation thereof was approved by the Board, or as may be approved or ordered by a competent tribunal.

(c) Prepayment of Expenses. Unless Executive otherwise elects via written notice to the Company, expenses incurred in defending any civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt by the Company of a written affirmation of Executive's good faith belief that Executive's conduct does not constitute the sort of behavior that would preclude Executive's indemnification under this Section 12 and Executive furnishes the Company a written undertaking, executed personally or on Executive's behalf, to repay any advances if it is ultimately determined that Executive is not entitled to be indemnified by the Company under this Section 12.

(d) Continuation of Indemnity. All agreements and obligations of the Company contained in this Section 12 shall continue during the period in which Executive is employed by the Company and shall continue thereafter so long as Executive shall be subject to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that Executive was employed by the Company.

(e) Indemnification Hereunder Not Exclusive. The indemnification and prepayment of expenses provided by this Section 12 are in addition to and shall not be deemed exclusive of any other right to which Executive may be entitled under the Company's Memorandum of

Association, the Company's Bye-Laws, any agreement, any vote of shareholders or disinterested directors, Bermuda law, any other law (common or statutory) or otherwise. Nothing contained in this Section 12 shall be deemed to prohibit the Company from purchasing and maintaining insurance, at its expense, to protect itself or Executive against any expense, liability or loss incurred by it or Executive, whether or not Executive would be indemnified against such expense, liability or loss under this Section 12; provided, that the Company shall not be liable under this Section 12 to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Executive has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise. In the event the Company makes any indemnification payments to Executive and Executive is subsequently reimbursed from the proceeds of insurance, Executive shall promptly refund such indemnification payments to the Company to the extent of such insurance reimbursement.

**Section 13. Taxes.**

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law.

**Section 14. Mitigation; Set-Off.**

The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall not be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its Affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and, except as provided in Sections 8(b)(vi), 8(d)(vi), 8(f)(iii) and 8(h)(iv) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Executive's other employment or otherwise.

**Section 15. Delay in Payment; Section 409A of the Code.**

Notwithstanding any provision in this Agreement to the contrary, any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code. On the earliest date on which such payments can be made without violating the requirements of Section 409A(a)(2)(B)(i) of the Code, there shall be paid to Executive, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence. This Agreement is intended to comply with Section 409A of the Code, and any ambiguous provisions hereof will be construed in a manner that is compliant with the application of Section 409A of the Code. If a provision of this Agreement would result in the imposition of any additional tax under Section 409A of the Code, the parties agree that such provision shall be reformed to the extent permissible under Section 409A of the Code to avoid imposition of the additional tax, with such reformation effected in a manner that has the most favorable tax result to Executive. For purposes of Code Section 409A, each payment or amount due under this Agreement shall be

considered a separate payment, and Executive's entitlement to a series of payments under this Agreement is to be treated as an entitlement to a series of separate payments.

**Section 16. Successors and Assigns; No Third-Party Beneficiaries.**

(a) The Company. This Agreement shall inure to the benefit of and be enforceable by, and may be assigned by the Company to, any purchaser of all or substantially all of the Company's business or assets or any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise). The Company will require in a writing delivered to Executive any such purchaser, successor or assignee to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such purchase, succession or assignment had taken place. The Company may make no other assignment of this Agreement or its obligations hereunder.

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, without the prior written consent of the Company; provided, however, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 8(b) or Section 16(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, its Affiliates, and Executive any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

**Section 17. Waiver and Amendments.**

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is consented to by the Company (or, if required, the Compensation Committee). No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

**Section 18. Severability.**

If any covenants or other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

**Section 19. Governing Law.**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF BERMUDA (WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF) APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH COUNTRY.

**Section 20. Notices.**

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Executive may be given to Executive personally or may be mailed to Executive at Executive's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first (1st) business day following the date of such mailing, (iii) if mailed by registered or certified mail, on the third (3rd) business day after the date of such mailing, or (iv) if transmitted by facsimile or electronic mail, on the date of such transmission.

**Section 21. Section Headings.**

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

**Section 22. Entire Agreement.**

This Agreement constitutes the entire understanding and agreement of the parties hereto regarding the employment of Executive following the Commencement Date. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties relating to the subject matter of this Agreement[, including, without limitation, the Prior Employment Agreement. Prior to the Commencement Date, the Prior Employment Agreement shall remain in full force and effect].

**Section 23. Survival of Operative Sections.**

Upon any termination of Executive's employment, the provisions of Section 8 through Section 24 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

**Section 24. Counterparts.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

\* \* \*

*[Signatures to appear on the following page(s).]*

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement as of the date first above written.

**RENAISSANCERE HOLDINGS LTD.**

By: — Name:  
Title:

**EXECUTIVE**

[ ]

[Signature Page to [ ] [Further] [Amended and Restated] Employment Agreement]

**SEPARATION, CONSULTING, AND RELEASE AGREEMENT**

This **SEPARATION, CONSULTING, AND RELEASE AGREEMENT** (this "Agreement"), delivered this 22nd day of July 2016 (the "Delivery Date"), confirms the following understandings and agreements between RenaissanceRe Holdings Ltd. (the "Company") and Jeffrey D. Kelly ("you;" provided, however, that, where the context so requires and where necessary to give effect to the terms hereof, "you" shall also refer to your Affiliates). All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in your Further Amended and Restated Employment Agreement with the Company dated as of October 23, 2013 (your "Employment Agreement").

**WITNESSETH** :

**WHEREAS**, you currently serve as Executive Vice President, Chief Operating Officer and Chief Financial Officer of the Company;

**WHEREAS**, you and the Company are parties to your Employment Agreement, which sets forth the terms and conditions of your employment with the Company;

**WHEREAS**, you and the Company now desire to enter into a mutually satisfactory arrangement concerning, among other things, your eventual separation from service with the Company, the terms of your service during a transition period, the terms of your service during a post-employment consulting period, and other matters related thereto;

**WHEREAS**, subject to the terms and conditions contained herein, you and the Company mutually agree to embody in this Agreement the terms and conditions applicable to your continued employment with the Company and separation from service therewith; and

**WHEREAS**, this Agreement contains a mutual release of claims and constitutes the mutually agreeable mutual general release of claims contemplated by Section 8(i) of your Employment Agreement, and by delivery hereof, the Company hereby notifies you, and you hereby acknowledge your understanding, that your execution of this Agreement and the Second General Release (as defined below) is required for you to receive any of the payments and benefits set forth in Section 8(e) of your Employment Agreement (other than the Accrued Obligations).

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, you and the Company hereby agree as follows:

Section 1. **Separation from Service.**

(a) **Separation Date.** You hereby acknowledge and agree that your separation from service with the Company and its Affiliates (collectively, with the Company, the "Company Group") pursuant to Section 8(e) of your Employment Agreement, and, except as set forth in Section 8 of this Agreement, from any other position you held as an officer, director, committee



member, or other service provider of any member of the Company Group, and the expiration of the Term of Employment, will become effective as of the close of business on September 15, 2016 or, if earlier, the date of your death, a termination due to your Disability, a termination by the Company for Cause, or a termination by you for any reason (in any case, an “Early Termination”), and the earlier of September 15, 2016, and the date of an Early Termination shall be referred to herein as the “Separation Date.” Except as otherwise expressly set forth herein, you shall not represent yourself after the Separation Date as being an employee, officer, director, agent, or representative of the Company or any other member of the Company Group for any purpose. Notwithstanding anything in your Employment Agreement to the contrary, the term “Good Reason” shall hereafter mean solely, without your consent, any breach by the Company of any material provision of this Agreement. Except as otherwise provided in your Employment Agreement, the Separation Date shall be the termination date of your employment for purposes of participation in and coverage under all benefit plans and programs sponsored by or through the Company or any other member of the Company Group. Except as otherwise explicitly set forth herein, the terms and conditions set forth in your Employment Agreement shall continue to govern your employment with the Company. In the event that any terms of this Agreement might be deemed, at any time, to conflict with the terms of your Employment Agreement or would result in a duplication of benefits, the terms of this Agreement shall exclusively govern.

(b) Resignation of Officer Positions. Notwithstanding anything in Section 1(a) above to the contrary, effective as of the close of business on the Separation Date, you shall cease serving as Executive Vice President, Chief Operating Officer and Chief Financial Officer of the Company and shall resign from any officer or director positions that you hold within the Company Group as of such date. Notwithstanding such resignations, you shall continue to be an employee of the Company through the end of the Term of Employment, and such resignations shall in no respect be considered a termination of employment, separation from service, or similar event for any purpose under your Employment Agreement or this Agreement.

### Section 2. Compensation and Benefits.

(a) General. From the date on which this Agreement is executed and through the remainder of the Term of Employment, you shall continue to receive all compensation and benefits set forth in your Employment Agreement, remain eligible to participate in the health insurance and other benefit plans of the Company in which you are currently eligible to participate, and continue to receive the perquisites and other personal benefits currently provided to you (including your housing benefits and rights to personally use the Company’s corporate aircraft), in accordance with the terms of your Employment Agreement, subject in all cases to any rights the Company may have to amend or terminate any or all of such plans or arrangements at any time and from time to time.

(b) Continued Vesting. During the Term of Employment, unvested Awards shall continue to vest according to their terms and any applicable provisions contained in your Employment Agreement.

### Section 3. Opportunity for Review; Acceptance.

You shall have from the Delivery Date until August 1, 2016 (the “Review Period”), to review and consider this Agreement. To accept this Agreement and the terms and conditions contained herein, you must execute and date this Agreement where indicated below and return the executed copy of this Agreement to the Company prior to the expiration of the Review Period, to the attention of the Company’s Group General Counsel. In the event of your failure to execute and deliver this Agreement prior to the expiration of the Review Period, this Agreement will be null and void and of no effect, the Company will have no obligations hereunder, and you shall not be entitled to any payments or benefits under your Employment Agreement that are conditioned upon the execution of a release of claims (which for purposes of clarification shall include all payments and benefits otherwise owing to you thereunder following the Separation Date, other than Accrued Obligations).

Section 4. Mutual Release and Waiver of Claims.

(a) Definition. As used in this Agreement, the term “claims” will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys’ fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, equity, or otherwise.

(b) Your Release and Waiver of Claims.

(i) For and in consideration of the payments and benefits set forth in this Agreement and other good and valuable consideration, including the Company’s release and waiver of claims described in Section 4(c) below, you, for and on behalf of yourself and your heirs, administrators, executors, and assigns, effective as of the date of your execution of this Agreement, do fully and forever release, remise, and discharge each member of the Company Group and their successors and assigns, together with their respective officers, directors, partners, shareholders, employees, and agents (collectively, the “Company Parties”), from any and all claims whatsoever up to and including the date of your execution of this Agreement that you had, may have had, or now have against any of the Company Parties, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to your employment with any member of the Company Group or your service as an officer, director, committee member, or other service provider of any member of the Company Group, or the termination of your employment with any member of the Company Group, or the termination of your service as an officer, director, committee member, or other service provider of any member of the Company Group, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any Bermuda, Republic of Singapore, Republic of Ireland, or United States federal, state, or local law or regulation. You intend the release contained herein to be a general release of any and all claims to the fullest extent permissible by law and for the provisions regarding the release of claims against the Company Parties to be construed as broadly as possible, and hereby incorporate in this release similar such federal, state or other laws, all of which you also hereby expressly waive.

(ii) You acknowledge and agree that as of the date you execute this Agreement, you have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

(iii) You understand and agree that claims or facts in addition to or different from those which are now known or believed by you to exist may hereafter be discovered, but it is your intention to fully and forever release, remise and discharge all claims which you had, may have had, or now have against the Company Parties, whether known or unknown, suspected or unsuspected, asserted or unasserted, contingent or noncontingent, without regard to the subsequent discovery or existence of such additional or different facts. Without limiting the foregoing, by signing this Agreement, you expressly waive and release any provision of law that purports to limit the scope of a general release.

(iv) Notwithstanding the foregoing, nothing in this Agreement shall be a waiver of your rights with respect to payment of amounts and other benefits under this Agreement or any claims that cannot be waived by law.

(c) The Company's Release and Waiver of Claims. For and in consideration of your continuing obligations to the Company pursuant to this Agreement and your Employment Agreement as well as your release and waiver of claims described in Section 4(b) above, the Company, on behalf of itself and the Company Parties, hereby releases and forever discharges you from any and all claims whatsoever up to the Delivery Date that it had, may have had, or now have for or by reason of any claim arising out of or attributable to your employment with any member of the Company Group or your service as an officer, director, committee member, or other service provider of any member of the Company Group, or the termination of your employment with any member of the Company Group, or the termination of your service as an officer, director, committee member, or other service provider of any member of the Company Group, or pursuant to any Bermuda, Republic of Singapore, Republic of Ireland, or United States federal, state, or local law or regulation (excluding in all events any claims any of the Company Parties may have in the future for a breach of this Agreement or your Employment Agreement, any claims that are based upon any of your acts or omissions that involve fraud, embezzlement, theft, or arise out of facts that constitute a knowing violation of law or any claims based on any criminal actions by you).

(d) Second General Release. For and in consideration of the payments and benefits set forth in this Agreement and other good and valuable consideration, including the Company's release and waiver of claims, you agree to execute the release and waiver of claims set forth on Exhibit A hereto and made a part hereof (the "Second General Release"). You hereby agree that the Second General Release may not be executed by you earlier than the Separation Date (or in the case of an Early Termination due to your death or Disability, the date of such Early Termination), or later than the date that is seven (7) days following the Separation Date (or the next business day if such date is not a business day), and in the event you do not timely execute the Second General Release, you shall not be entitled to any further payments or benefits (other than Accrued Obligations) from any member of the Company Group, including without limitation any compensation and benefits set forth in Section 7(a) of this Agreement or

the Company's agreement to waive and release you from claims as set forth in the Second General Release. For the avoidance of doubt, in the event of an Early Termination due to your death or Disability, your obligations herein and in Exhibit A hereto to execute the Second General Release may be satisfied on your behalf by your estate or a person having legal power of attorney over your affairs.

Section 5. No Suit.

Each of you and the Company represents and warrants that you and it, respectively, have not previously filed, and to the maximum extent permitted by law agree not to file, a claim against the other party (which, for purposes of this Section 5, includes the Company Parties) regarding any of the claims respectively released herein. If, notwithstanding this representation and warranty, either you or the Company has filed or files such a claim, the filing party agrees to cause such claim to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such claim, including without limitation the attorneys' fees and expenses of any of the parties against whom such a claim has been filed.

Section 6. Knowing and Voluntary Waiver.

You expressly acknowledge and agree that you:

- (a) Are able to read the language, and understand the meaning and effect, of this Agreement;
- (b) Have no physical or mental impairment of any kind that has interfered with your ability to read and understand the meaning of this Agreement or its terms, and that you are not acting under the influence of any medication, drug, or chemical of any type in entering into this Agreement;
- (c) Are specifically agreeing to the terms of the release contained in this Agreement because the Company has agreed to provide you with the payments and benefits described in Section 8(e) of your Employment Agreement (other than the Accrued Obligations) and because of the Company's agreement to waive and release you from claims as set forth in Section 4(c) above, which the Company has agreed to provide because of your agreement to accept these payments and benefits in full settlement of all possible claims you might have or ever had that are released hereunder, and because of your execution of this Agreement;
- (d) Acknowledge that but for your execution of this Agreement, you would not be entitled to the payments or benefits described in Section 8(e) of your Employment Agreement (other than the Accrued Obligations) or the Company's waiver and release of claims described in Section 4(c) above;
- (e) Had or could have had the entire Review Period in which to review and consider this Agreement, and that if you execute this Agreement prior to the expiration of the Review Period, you have voluntarily and knowingly waived the remainder of the Review Period;

- (f) Have not relied upon any representation or statement not set forth in this Agreement made by the Company Group or any of its representatives;
- (g) Were advised to consult with your attorney regarding the terms and effect of this Agreement; and
- (h) Have signed this Agreement knowingly and voluntarily.

Section 7. Separation Payments.

(a) General. Following your Separation Date, in consideration for and subject to your execution of this Agreement, your continued service to the Company through the Separation Date, and your execution of the Second General Release, you shall be entitled to the payments and benefits described in Section 8(e) of your Employment Agreement in accordance with the terms thereof; provided, however, that (i) the Accrued Obligations (including your rights to indemnification pursuant to Section 12 of your Employment Agreement) shall be provided to you pursuant to your Employment Agreement in all events regardless of whether this Agreement is executed or becomes effective, and (ii) for the avoidance of doubt, for purposes of determining the amounts to be provided to you pursuant to Sections 8(d)(iii) and 8(d)(iv) of your Employment Agreement, the Annual Bonus shall be the actual Annual Bonus paid to you during 2016 in respect of the Company's 2015 fiscal year.

(b) No Further Entitlements. You acknowledge and agree that the payments and other benefits provided to you hereunder in connection with your separation from service are in full discharge of any and all liabilities and obligations of the Company or any other member of the Company Group to you, monetarily or with respect to employee benefits or otherwise, including but not limited to any and all obligations arising under any alleged written or oral employment agreement, arrangement, policy, plan, or procedure of the Company or any other member of the Company Group or any alleged understanding or arrangement between you and the Company or any other member of the Company Group. Further, you acknowledge and agree that in no event shall the Company have any further obligations under your Employment Agreement other than as expressly set forth herein or therein.

(c) Taxes. The payments referenced in this Section 7 shall be subject to reduction for tax and other withholding obligations as described in Section 13 of your Employment Agreement.

(d) Notice and Cure. You and the Company hereby acknowledge that all applicable notice and cure provisions relating to your termination of employment pursuant to Section 8(e) of your Employment Agreement shall be deemed to have been timely satisfied.

(e) Continuing Obligations. Without limiting anything herein or in your Employment Agreement, your obligations to the Company pursuant to Sections 8(j), 9, and 10 of your Employment Agreement shall survive the Separation Date according to their terms; provided, that, for the avoidance of doubt, for purposes of Sections 9 and 10 of your

Employment Agreement, each of the Non-Competition Period and the Non-Interference Period shall continue through the twelve (12) month anniversary of the Separation Date.

(f) Early Termination. Notwithstanding anything in this Agreement or your Employment Agreement to the contrary, you shall be entitled to all the benefits and payments provided in this Section 7 notwithstanding an Early Termination; provided, that, in the event of an Early Termination by the Company for Cause or by you without Good Reason, you shall not be entitled to the benefits provided by Section 7(a) above other than the Accrued Obligations.

Section 8. Post-Termination Consulting Appointment.

(a) Consulting Period; Consulting Services. Provided that an Early Termination shall have not occurred, you shall serve as a consultant to the Company during the period commencing on September 16, 2016, and ending on September 15, 2017, or if earlier, upon (i) your death, (ii) a termination due to your Disability, (iii) a termination by the Company for Cause, (iv) a termination by you for any reason, or (v) your commencement of full-time employment with another employer (the "Consulting Period"). During the Consulting Period, you shall render your assistance and participation, giving at all times the full benefit of your knowledge, expertise, technical skill, and ingenuity, in all matters involved in or relating to the business of the Company (the "Consulting Services"). You agree to perform the Consulting Services as and when reasonably requested by the Company from time to time, taking into account your other time commitments and obligations; provided, however, that you and the Company hereby acknowledge your mutual anticipation and expectation that your time commitment to the Company in respect of providing the Consulting Services shall not exceed twenty percent (20%) of the average level of bona fide services performed by you on behalf of the Company during the thirty-six (36) month period immediately preceding the Separation Date. During the Consulting Period, you shall be an independent contractor and not an employee of the Company, and shall have no right or authority to make or undertake any promise, warranty, or representation or to execute any contract or otherwise assume any obligation or responsibility, in the name of the Company or any member of the Company Group.

(b) Consulting Fees. In consideration for your provision of the Consulting Services, you will be entitled to aggregate consulting fees (the "Consulting Fees") equal to Three Hundred Fifty Thousand Dollars (\$350,000), payable in substantially equal installments on the same schedule as salary payments are made to the Company's employees in accordance with the Company's regular payroll schedule. Notwithstanding the foregoing, payment of (and your further entitlement to) the Consulting Fees shall immediately cease, and the Company Group shall have no further obligations to you with respect thereto, in the event that the Consulting Period terminates pursuant to Section 8(a) above or you materially breach any provision of this Agreement or your Employment Agreement.

(c) Taxes. As an independent contractor providing the Consulting Services, you will be solely responsible for remitting to the applicable taxing authorities all applicable taxes payable in respect of amounts payable to you under Section 8(b) above, and the Company will not withhold for taxes from any such amounts. In addition, you understand and agree that you are not eligible by virtue of your engagement as a consultant hereunder to participate in any

of the employee benefit plans or programs of the Company Group (which participation shall have terminated as of the Separation Date, other than as expressly provided by your Employment Agreement). In the event that this consulting arrangement is reclassified as employment by any governmental agency or court, you further agree that you will not seek to participate in or benefit from any of the employee benefit plans or programs of the Company Group as a result of such reclassification.

Section 9. Successors and Assigns.

The provisions hereof shall, with respect to you, inure to the benefit of your heirs, executors, administrators, legal personal representatives, and assigns and shall be binding upon your heirs, executors, administrators, legal personal representatives, and assigns, and with respect to the Company Parties, inure to the benefit of and be enforceable by, and may be assigned by the Company Parties to, any purchaser of all or substantially all of their respective business or assets or any successor to the Company Parties (whether direct or indirect, by purchase, merger, consolidation, or otherwise), and where applicable, their heirs, executors, administrators, legal personal representatives, and assigns.

Section 10. Severability.

If any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

Section 11. Mutual Non-Disparagement.

You agree that you will make no disparaging or defamatory comments regarding any of the Company Parties in any respect or make any comments concerning any aspect of your relationship with any of the Company Parties or the conduct or events that precipitated your termination of employment from any member of the Company Group. Similarly, the Company shall instruct its executive officers to refrain from making any disparaging or defamatory comments regarding you in any respect or making any comments concerning any aspect of your relationship with any member of the Company Group or the conduct or events that precipitated your termination of employment from any member of the Company Group (it being understood that the foregoing shall not prevent any representative of the Company Group from verifying your employment to any potential subsequent employer). The obligations of you and the Company under this Section 11 shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.

Section 12. Non-Admission.

Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of you or any Company Party.

Section 13. Entire Agreement.

This Agreement constitutes the entire understanding and agreement of the parties hereto regarding your separation from service. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement.

Section 14. Governing Law; Jurisdiction.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH BERMUDA LAW (WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF) APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT COUNTRY. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

\* \* \*



**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date set forth below.

**RENAISSANCERE HOLDINGS LTD.**

By: /s/ Kevin J. D'Donnell  
Name: Kevin J. O'Donnell  
Title: Chief Executive Officer and President  
Dated: July 22, 2016

/s/ Jeffrey D. Kelly  
Jeffrey D. Kelly  
Dated: July 22, 2016

*[Signature Page to Jeffrey D. Kelly Separation, Consulting and Release Agreement]*

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## SECOND GENERAL RELEASE

This **SECOND GENERAL RELEASE** is being executed and delivered in accordance with Section 4(d) of the Separation, Consulting and Release Agreement (the "Separation Agreement") dated [\_\_\_\_], 2016, between RenaissanceRe Holdings Ltd. (the "Company") and Jeffrey D. Kelly ("you;" provided, however, that, where the context so requires and where necessary to give effect to the terms hereof, "you" shall also refer to your other Affiliates). All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the Separation Agreement.

### Section 1. Opportunity for Review; Acceptance.

You shall have from the Delivery Date until September 22, 2016 (the "Second General Release Review Period"), to review and consider this Second General Release. To accept this Second General Release and the terms and conditions contained herein, you must execute and date this Second General Release where indicated below and return the executed copy of the Second General Release to the Company prior to the expiration of the Second General Release Review Period, but no earlier than September 15, 2016 (or in the case of an Early Termination due to your death or Disability, the date of such Early Termination), to the attention of the Company's Group General Counsel (the date on which the Second General Release is executed and delivered to the Company shall be its effective date (the "Second General Release Effective Date"). In the event of your failure to timely execute and deliver this Second General Release, this Second General Release will be null and void and of no effect, the Company will have no further obligations under the Separation Agreement, and you shall not be entitled to any payments or benefits under your Employment Agreement that are conditioned upon the execution of a release of claims (which for purposes of clarification shall be any and all payments and benefits otherwise owing to you thereunder following the Separation Date, other than Accrued Obligations).

### Section 2. Mutual Release and Waiver of Claims.

(a) Definition. As used in this Second General Release, the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, equity, or otherwise.

#### (b) Your Release and Waiver of Claims.

(i) For and in consideration of the payments and benefits described in the Separation Agreement and other good and valuable consideration, including the Company's release and waiver of claims described in Section 2(c) below, you, for and on behalf of yourself and your heirs, administrators, executors, and assigns, effective as of the date of your execution of this Second General Release, do fully and forever release, remise, and discharge the Company Parties from any and all claims whatsoever up to and including the date of your execution of this Second General Release that you had, may have had, or now have against any of the Company Parties, whether known or unknown,

for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to your employment with any member of the Company Group or your service as an officer, director, committee member, or other service provider of any member of the Company Group, or the termination of your employment with any member of the Company Group, or the termination of your service as an officer, director, committee member, or other service provider of any member of the Company Group, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any Bermuda, Republic of Singapore, Republic of Ireland, or United States federal, state, or local law or regulation. You intend the release contained herein to be a general release of any and all claims to the fullest extent permissible by law and for the provisions regarding the release of claims against the Company Parties to be construed as broadly as possible, and hereby incorporate in this release similar such federal, state or other laws, all of which you also hereby expressly waive.

(ii) You acknowledge and agree that as of the date you execute this Second General Release, you have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

(iii) You understand and agree that claims or facts in addition to or different from those which are now known or believed by you to exist may hereafter be discovered, but it is your intention to fully and forever release, remise and discharge all claims which you had, may have had, or now have against the Company Parties, whether known or unknown, suspected or unsuspected, asserted or unasserted, contingent or noncontingent, without regard to the subsequent discovery or existence of such additional or different facts. Without limiting the foregoing, by signing this Second General Release, you expressly waive and release any provision of law that purports to limit the scope of a general release.

(iv) Notwithstanding the foregoing, nothing in this Second General Release shall be a waiver of your rights with respect to payment of amounts and other benefits under the Separation Agreement or any claims that cannot be waived by law.

(e) The Company's Release and Waiver of Claims. For and in consideration of your continuing obligations to the Company pursuant to this Second General Release and your Employment Agreement as well as your release and waiver of claims described in Section 2(b) above, the Company, on behalf of itself and the Company Parties, hereby releases and forever discharges you from any and all claims whatsoever up to the Second General Release Effective Date that it had, may have had, or now have for or by reason of any claim arising out of or attributable to your employment with any member of the Company Group or your service as an officer, director, committee member, or other service provider of any member of the Company Group, or the termination of your employment with any member of the Company Group, or the termination of your service as an officer, director, committee member, or other service provider of any member of the Company Group, or pursuant to any Bermuda, Republic of Singapore, Republic of Ireland, or United States federal, state, or local law or regulation (excluding in all

events any claims any of the Company Parties may have in the future for a breach of the Separation Agreement, this Second General Release, your Employment Agreement, any claims that are based upon any of your acts or omissions that involve fraud, embezzlement, theft, or arise out of facts that constitute a knowing violation of law or any claims based on any criminal actions by you).

Section 3. No Suit.

Each of you and the Company represents and warrants that you and it, respectively, have not previously filed, and to the maximum extent permitted by law agree not to file, a claim against the other party (which, for purposes of this Section 3, includes the Company Parties) regarding any of the claims respectively released herein. If, notwithstanding this representation and warranty, either you or the Company has filed or files such a claim, the filing party agrees to cause such claim to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such claim, including without limitation the attorneys' fees and expenses of any of the parties against whom such a claim has been filed.

Section 4. Knowing and Voluntary Waiver.

You expressly acknowledge and agree that you:

- (a) Are able to read the language, and understand the meaning and effect, of this Second General Release;
- (b) Have no physical or mental impairment of any kind that has interfered with your ability to read and understand the meaning of this Second General Release or its terms, and that you are not acting under the influence of any medication, drug, or chemical of any type in entering into this Second General Release;
- (c) Are specifically agreeing to the terms of this Second General Release because the Company has agreed to provide you with the payments and benefits described in the Separation Agreement and because of the Company's agreement to waive and release you from claims as set forth in Section 2(c) above, which the Company has agreed to provide because of your agreement to accept these payments and benefits in full settlement of all possible claims you might have or ever had that are released hereunder, and because of your execution of this Second General Release;
- (d) Acknowledge that but for your execution of this Second General Release, you would not be entitled to the payments or benefits described in the Separation Agreement or the Company's waiver and release of claims described in Section 2(c) above;
- (e) Had or could have had the entire Second General Release Review Period in which to review and consider this Second General Release, and that if you execute this Second General Release prior to the expiration of the Second General

Release Review Period, you have voluntarily and knowingly waived the remainder of the Second General Release Review Period;

(f) Have not relied upon any representation or statement not set forth in this Second General Release made by the Company Group or any of its representatives;

(g) Were advised to consult with your attorney regarding the terms and effect of this Second General Release; and

(h) Have signed this Second General Release knowingly and voluntarily.

\* \* \*

**IN WITNESS WHEREOF**, the parties hereto have executed this Second General Release as of the date set forth below.

**RENAISSANCERE HOLDINGS LTD.**

By: —

Name: Kevin J. O'Donnell

Title: Chief Executive Officer and President

Dated:

Jeffrey D. Kelly

Dated:

*[Signature Page to Jeffrey D. Kelly Second General Release]*

July 6, 2016

Dear Ian

**Secondment to the UK**

With reference to your secondment letter dated April 11, 2013, I am writing to confirm the extension of your secondment to RenaissanceRe Syndicate Management Limited ("RSM") to May 1st, 2018.

Except insofar as they are varied below, your terms and conditions of employment (as set out in your contract of employment with the Company, ("your previous terms")) will remain in force. If there is any inconsistency between the terms of this letter and your previous terms whilst you are on secondment to RSM, the terms of this letter will prevail.

During the secondment, the following variations to your previous terms and additional provisions will apply. They will cease to have effect immediately once your secondment ends, at which point your employment will again be governed by your previous terms. You remain an employee of the Company during the secondment.

**1. DUTIES**

- 1.1 Whilst on secondment, you will continue to occupy the role of Chief Risk Officer of the RenaissanceRe group of companies ("the Group") and you will be required to travel substantially and devote the whole of your time, attention and skill to the duties of your role as Chief Risk Officer. In particular, it is expected that you will spend a significant proportion of your time in Bermuda.
  - 1.2 You should observe the normal working hours of work operated at RSM.
  - 1.3 You must comply with the Company's Compliance Manual, while working in the United Kingdom and any other rules and regulations specifically notified to you as being applicable to you during your secondment to RSM. You should also observe RenRe's operating guidelines concerning the activities of employees on secondment to UK, which can be obtained from Mike Regan.
  - 1.4 For the avoidance of doubt, during your secondment:
    - 1.4.1 You will oversee the global risk operations of the Group;
    - 1.4.2 Your appraisals and pay reviews will be conducted by the Company in the usual manner;
    - 1.4.3 You will continue to act as a Director of Renaissance Reinsurance of Europe; and
    - 1.4.4 You will report to Kevin O'Donnell.
-

## **2. COMPENSATION, EXPENSES & BENEFITS**

### **2.1 Salary and Bonus**

(a) Your annual base salary during your secondment will be as confirmed to you in writing. This salary will be paid to you by RSM on behalf of the Company in equal monthly instalments in the normal RSM payroll cycle of each month.

(b) You will have a bonus target of 110% of your salary. Your Long Term Incentive award target will be 218% of base salary. The actual level of any award is in each case, at the absolute discretion of the Company. Any bonus or long term incentive award is subject to the relevant provisions of your previous terms and would be made pursuant to and in accordance with the rules of any applicable plan as in force from time to time.

### **2.2 Expenses**

RSM will reimburse you for all reasonable out-of-pocket expenses specifically or generally authorised by the Company or RSM and wholly, properly and necessarily incurred by you on the business of RSM (including any work carried out for or on behalf of the Company). You must provide such evidence of expenses as RSM may reasonably require.

### **2.3 Benefits**

Save in respect of the specific benefits listed below, all other contractual benefits will continue in accordance with your previous terms. Where such benefits are linked to salary, it will be your RSM salary which will apply.

#### **2.3.1 Benefits Insurance**

You will continue to participate in the RSM employee benefit insurance plans during the period of your secondment.

#### **2.3.2 Pension**

You will continue to be a member of the RSM Group Personal Pension Scheme during your secondment.

Any benefits provided to you as a result of your status as an employee on secondment are provided on an entirely discretionary basis, at the discretion of the Company. They may be varied or withdrawn at any time during the secondment. In any event, they will continue only for as long as you remain on secondment from the Company to RSM and will cease with immediate effect on the termination of your secondment for whatever reason, including, where applicable, if you become a local UK employee of RSM.

### **2.4 Taxes**

RSM, as applicable, will make such withholdings and deductions for tax and social security as may be required by law, from any payments made and benefits provided to you under your previous terms, the terms of this letter and/or otherwise in relation to your employment and secondment ('your remuneration').



You will be responsible for all income taxes and social charges which are payable in respect of your remuneration and for ensuring that any such liabilities are paid promptly and as required by law.

For the period of your secondment you may claim up to GBP3,225 for income tax preparation services in respect of your UK employment tax matters. You are expected to provide tax information to the tax accountants on timely basis.

### **3. HOLIDAY**

Your annual leave entitlement while on secondment will be 30 working days per holiday year (1 January to 31 December), accruing on a monthly basis for each complete month of service on secondment, in addition to such bank and other public holidays as may be designated as additional holiday entitlement from time to time.

### **4. LOCATION**

Your base during this secondment will be the RSM London office. However, you may be required to travel, within Europe, back to Bermuda and otherwise substantially overseas, for the Company's business purposes. For purposes of clarification, neither your relocation to London or any other of RSM's offices within the United Kingdom, nor your relocation back to Bermuda after the termination of your secondment shall constitute "Good Reason" under your previous terms.

### **5. TERMINATION**

#### 5.1 Termination of Secondment

5.1.1 Your secondment may be terminated for whatever reason at any time, and in doing so, we will endeavor to give you reasonable advance notice of such termination.

5.1.2 Your secondment will terminate immediately if your employment ceases at any time for whatever reason.

#### 5.2 Termination of Employment

5.2.1 The provisions related to the termination of your employment as set out in your previous terms continue to apply.

5.2.2 For the avoidance of doubt, please note that, for the purposes of your previous terms, 'Cause' includes any act or omission in relation to RSM which, if committed in relation to the Company would constitute cause.

5.2.3 If and once notice of termination has been given by or to you (including where you have resigned without giving proper notice and we refuse to accept termination occurring before the expiry of the proper notice period), you may be suspended from the performance of duties and/or excluded from any premises of the Company, RSM and/or any other RenaissanceRe company. Salary and other contractual benefits will continue to be paid or provided despite such suspension and/or exclusion. Eligibility for any bonus or long term incentive award will cease. During any such period of suspension and/or exclusion, you must continue to comply with all your obligations as an employee and must not, without our prior written consent, undertake any duties or hold yourself out to any third party as an

employee of any RenaissanceRe company or contact (either directly or indirectly) any clients, customers, suppliers, investors, officers or employees of any RenaissanceRe company. During this period access to RenaissanceRe's computer, e-mail, telephone, voicemail and/or other communication systems and/or databases may be limited or withdrawn. In the event of your suspension and/or exclusion under this paragraph, you may be required:

(a) to undertake (either at home or at an alternative location as required) such alternative duties to the normal duties as may be stipulated, and/or

(b) to return all property in your possession or control belonging to any RenRe company.

## **6. GOVERNING LAW**

This letter shall be interpreted and construed in accordance with the laws of Bermuda (without giving effect to the choice of law principles thereof).

Please sign, date and return to me by June 30, 2016 the attached copy of this letter to indicate your acceptance of the extension of the secondment and your agreement to the terms and conditions of this letter.

Yours sincerely

/s/ Leah Dean

For and on behalf of  
RenaissanceRe Holdings Ltd

## ACCEPTANCE

I acknowledge receipt of the extension of secondment on the terms set out in this letter. By signing this Acceptance:

- a. I hereby accept the extension of the secondment on those terms and agree to abide by them.
- b. I consent to the Company monitoring and recording any use that I make of the Company's electronic communications systems and other technical resources for the purpose of ensuring that the Company's rules are being complied with and for legitimate business purposes;
- c. I consent to the processing of my personal information for business purposes, including personnel management, compliance and financial management, both by the Company and by any party to whom data is disclosed, such as other RenRe group companies, third party providers of services to the RenRe group, business partners and regulatory bodies. This includes transfers of personal data, including sensitive personal data such as health, ethnic origin or criminal proceedings, from UK to the Company and other RenaissanceRe companies in Bermuda;
- d. I agree that I am a managing executive falling within Regulation 20 of the Working Time Regulations 1998 but in any event consent to work more than 48 hours per week on average should my duties so require; and
- e. I have read and understood the Code of Ethics and Conduct of RenaissanceRe Holdings Ltd. and its subsidiaries and controlled affiliates (the "Code"). I understand the Code and I agree that I will comply with the Code throughout my employment, including during the period of my secondment, and will seek to comply in each and every respect with the laws, rules, and regulations applicable to the Company.

**Signed /s/ Ian D. Branagan**

**Dated 7/7/2016**

SECONDMENT LETTER

Mr. Ian Branagan

April 11, 2013

Dear Ian,

**Secondment to the UK**

This letter sets out the terms of your secondment to RenaissanceRe Syndicate Management (“RSM”) from RenaissanceRe Holdings Ltd. (the “Company”), a company incorporated in Bermuda.

Except insofar as they are varied below, your terms and conditions of employment (as set out in your contract of employment with the Company, (“your previous terms”) will remain in force. If there is any inconsistency between the terms of this letter and your previous terms whilst you are on secondment to RSM, the terms of this letter will prevail.

During the secondment, the following variations to your previous terms and additional provisions will apply. They will cease to have effect immediately once your secondment ends, at which point your employment will again be governed by your previous terms. You remain an employee of the Company during the secondment but, for the duration of your secondment, you will work for and on behalf of RSM.

**1 COMMENCEMENT**

Subject to the further terms set out in this letter, the secondment commences on May 1<sup>st</sup>, 2013 and is expected to be for a two year period.

**2 DUTIES**

- 2.1 While on secondment, you will continue to occupy the role of Chief Risk Officer of the RenaissanceRe group of companies (“the Group”) and you will be required to travel substantially and devote the whole of your time, attention and skill to the duties of your role as Chief Risk Officer. In particular, it is expected that you will spend around half your time in Bermuda.
- 2.2 You should observe the normal working hours of work operated at RSM.
- 2.3 You must comply with the Company’s Compliance Manual, while working in the United Kingdom and any other rules and regulations specifically notified to you as being applicable to you during your secondment to RSM. You should also observe

RenRe's operating guidelines concerning the activities of employees on secondment to UK, which can be obtained from Andy Hauer or Mike Regan.

2.4 For the avoidance of doubt, during your secondment:

2.4.1 You will oversee the global risk operations of the Group;

2.4.2 Your appraisals and pay reviews will be conducted by the Company in the usual manner;

2.4.3 You will work for and on behalf of RSM;

2.4.4 You will continue to act as a Director of Renaissance Reinsurance of Europe; and

2.4.5 You will act under the instructions of RSM but, in accordance with the service agreement between RSM and the Company, you will report to Jeff Kelly, CFO of the Company.

### **3 COMPENSATION, EXPENSES & BENEFITS**

#### **3.1 Salary and Bonus**

- (a) Your annual base salary during your secondment will be GBP290,300 and will be paid to you by RSM on behalf of the Company in equal monthly instalments on the normal RSM payroll cycle of each month.
- (b) You will have a bonus target of 110%% of your secondment base salary. Your Long Term Incentive award target will be 218% of secondment base salary. The actual level of any award is, in each case, at the absolute discretion of the Company. Any bonus or long term incentive award is subject to the relevant provisions of your previous terms and would be made pursuant to and in accordance with the rules of any applicable plan as in force from time to time.

#### **3.2 Expenses**

RSM will reimburse you for all reasonable out-of-pocket expenses specifically or generally authorised by the Company or RSM and wholly, properly and necessarily incurred by you on the business of RSM (including any work carried out for or on behalf of the Company). You must provide such evidence of expenses as RSM may reasonably require.

#### **3.3 Benefits**

Save in respect of the specific benefits listed below, all other contractual benefits will continue in accordance with your previous terms. Where such benefits are linked to salary, it will be your secondment salary which will apply during the secondment.

We will coordinate coverage with BF&M, our current Bermuda employee benefits provider during the secondment.

### 3.3.6 **Benefits Insurance**

You may choose to participate in the RSM employee benefit insurance plans with effect from 1<sup>st</sup> May 2013 or, where your participation in such plans is subject to eligibility checks, at a later date as determined by the scheme provider. Until the inception of your participation in RSM employee benefit insurance plans (should you choose to participate in the same) you will be eligible to continue to participate in the Bermuda life, medical, dental, vision and disability plans and private medical insurance plan if you choose to do so.

### 3.3.7 **Housing Benefit**

During the secondment, RSM will provide you with a housing allowance of GBP3,226 per calendar month.

### 3.3.8 **Pension**

During the secondment you may join the RSM pension scheme if you wish.

Any benefits provided to you as a result of your status as an employee on secondment are provided on an entirely discretionary basis, at the discretion of the Company. They may be varied or withdrawn at any time during the secondment. In any event, they will continue only for as long as you remain on secondment from the Company to RSM and will cease with immediate effect on the termination of your secondment for whatever reason, including if you become a local UK employee of RSM.

## 3.4 **Taxes**

RSM, as applicable, will make such withholdings and deductions for tax and social security as may be required by law, from any payments made and benefits provided to you under your previous terms, the terms of this letter and/or otherwise in relation to your employment and secondment ('your remuneration').

You will be responsible for all income taxes and social charges which are payable in respect of your remuneration and any such liabilities are paid promptly and as required by law.

For the period of your secondment RSM will provide income tax preparation services at a cost of up to GBP3,225 per annum in respect of your UK tax matters during the secondment, in order to ensure that RSM's and the Company's tax reporting requirements are fully met. You are expected to provide tax information to the tax accountants on timely basis.

#### **4 HOLIDAY**

Your annual leave entitlement while on secondment will be 30 working days per holiday year (1 January to 31 December), accruing on a monthly basis for each complete month of service on secondment, in addition to such bank and other public holidays as may be designated as additional holiday entitlement from time to time.

#### **5 LOCATION**

Your base during this secondment will be the RSM London office. However, you may be required to travel, within Europe, back to Bermuda and otherwise substantially overseas, for the Company's business purposes. For purposes of clarification, neither your relocation to London or any other of RSM's offices within the United Kingdom, nor your relocation back to Bermuda after the termination of your secondment shall constitute "Good Reason" under your previous terms.

#### **6 TERMINATION**

##### **6.1 Termination of Secondment**

6.1.1 Your secondment may be terminated for whatever reason at any time, and in doing so, we will endeavour to give you reasonable advance notice of such termination.

6.1.2 Your secondment will terminate immediately if your employment ceases at any time for whatever reason.

##### **6.2 Termination of employment**

6.2.1 The provisions related to the termination of your employment as set out in your previous terms continue to apply.

6.2.2 For the avoidance of doubt, please note that, for the purposes of your previous terms, 'Cause' includes any act or omission in relation to RSM which, if committed in relation of the Company, would constitute cause.

6.2.3 If and once notice of termination has been given by or to you (including where you have resigned without giving proper notice and we refuse to accept termination occurring before the expiry of the proper notice period), you may be suspended from the performance of duties and/or excluded from any premises of the Company, RSM and/or any other RenaissanceRe company. Salary and other contractual benefits will continue to be paid or provided despite such suspension and/or exclusion. Eligibility for any bonus or long-term incentive award will cease. During any such period of suspension and/or exclusion, you must continue to comply with all your obligations as an employee and must not, without our prior written consent, undertake any duties or hold yourself out to any third party as an employee of any

RenaissanceRe company or contact (either directly or indirectly) any clients, customers, suppliers, investors, officers or employees of any RenaissanceRe company. During this period access to RenaissanceRe's computer, e-mail, telephone, voicemail and/or other communication systems and/or databases may be limited or withdrawn. In the event of your suspension and/or exclusion under this paragraph, you may be required:

- (a) to undertake (either at home or at an alternative location as required) such alternative duties to the normal duties as may be stipulated; and/or
- (b) to return all property in your possession or control belonging to any RenRe company.

**7 GOVERNING LAW**

This letter shall be interpreted and construed in accordance with the laws of Bermuda (without giving effect to the choice of law principles thereof).

Please sign, date and return to me by April 30, 2013 the attached copy of this letter to indicate your acceptance of the secondment and your agreement to the terms and conditions of this letter.

Yours sincerely

For and on behalf of Renaissance Holdings Ltd.



**ACCEPTANCE**

I acknowledge receipt of the offer of secondment on the terms set out in this letter.

By signing this Acceptance:

- a. I hereby accept the offer of secondment on those terms and agree to abide by them;
- b. I consent to the Company monitoring and recording any use that I make of the Company’s electronic communications systems and other technical resources for the purpose of ensuring that the Company’s rules are being complied with and for legitimate business purposes;
- c. I consent to the processing of my personal information for business purposes, including personnel management, compliance and financial management, both by the Company and by any party to whom data is disclosed, such as other RenRe group companies, third party providers of services to the RenRe group, business partners and regulatory bodies. This includes transfers of personal data, including sensitive personal data such as health, ethnic origin or criminal proceedings, from UK to the Company and other RenaissanceRe companies in Bermuda;
- d. I agree that I am a managing executive falling within Regulation 20 of the Working Time Regulations 1998 but in any event consent to work more than 48 hours per week on average should my duties so require; and
- e. I have read and understood the Code of Ethics and Conduct of RenaissanceRe Holdings Ltd. and its subsidiaries and controlled affiliates (the “Code”). I understand the Code and I agree that I will comply with the Code throughout my employment, including during the period of my secondment, and will seek to comply in each and every respect with the laws, rules, and regulations applicable to the Company.

Signed  /s/ Ian Branagan

Ian Branagan

Dated  31/4/2013

## EXHIBIT 10.9

## SECOND AMENDMENT TO LETTER OF CREDIT REIMBURSEMENT AGREEMENT

This Second Amendment to Letter of Credit Reimbursement Agreement, dated as of May 20, 2016 (this "Amendment"), amends the Letter of Credit Reimbursement Agreement, dated as of November 23, 2015 (the "Agreement"), among Renaissance Reinsurance Ltd. (the "Borrower"), various lenders party thereto, Bank of Montreal, as Documentation Agent, Citibank Europe plc, as Collateral Agent, and ING Bank N.V., London Branch, as Letter of Credit Agent. Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed thereto in the Agreement.

1. Amendment to the Credit Agreement. As of the Second Amendment Effective Date (defined below), Section 2.1(a) of the Agreement is amended in its entirety to read as follows:

(a) (i) On the Effective Date, each Lender, upon the terms and conditions set forth in this Agreement, issued, at the request and for the account of the Borrower, such Lender's Applicable Percentage of (x) a Letter of Credit denominated in Dollars with a stated amount of \$360,000,000 and (y) a Letter of Credit denominated in Pounds with a stated amount of £85,000,000 to support the obligations of the Corporate Member with respect to the Supported Syndicate and (ii) each Lender agrees to amend (i) the Letter of Credit described in clause (i)(x) above from a stated amount of \$360,000,000 to a stated amount of \$380,000,000 and (ii) the Letter of Credit described in clause (i)(y) above from a stated amount of £85,000,000 to a stated amount of £90,000,000.

2. Representations and Warranties. The Borrower represents and warrants to the Agents and the Lenders that:

(a) Authorization. The Borrower has the requisite power and authority to execute and deliver this Amendment and to perform and observe the terms and conditions stated herein and therein, and the Borrower has taken all necessary corporate or other action to authorize its execution, delivery and performance of this Amendment.

(b) No Conflict. The Borrower's execution, delivery and performance of this Amendment do not and will not: (i) violate or contravene its Organizational Documents; (ii) violate or contravene any order, writ, law, treaty, rule, regulation or determination of any Governmental Authority, in each case applicable to or binding upon it or any of its property; or (iii) result in the breach of any provision of, or in the imposition of any lien or encumbrance (except for liens or encumbrances created under the Credit Documents) under, or constitute a default or event of default under, any agreement or arrangement to which it is a party or by which it or any of its property is bound.

(c) Governmental Approvals. No authorization, approval or consent of, or notice to or filing with, any Governmental Authority is required to be made by the Borrower in connection

with the execution and delivery by the Borrower of this Amendment or the issuance by the Lenders of any Letter of Credit, or amendment thereto, or other Obligations for the account of the Borrower pursuant to the Agreement, except for those which have been duly obtained, taken, given or made and are in full force and effect.

(d) Enforceability. This Amendment has been duly executed and delivered by the Borrower and is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as affected by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws relating to or affecting the enforcement of creditors' rights generally and/or (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding at law or in equity).

(e) Representations and Warranties. On the date hereof, each representation and warranty set forth in Section 7 of the Agreement, as amended by this Amendment, is true and correct in all material respects on and as of the date hereof with the same effect as if made on and as of the date hereof (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty was true and correct as of such date).

(f) No Default. No Event of Default or Unmatured Event of Default exists or will exist after giving effect to this Amendment or the issuance of any new Letters of Credit or amendments to existing Letters of Credit.

3. Effectiveness. This Amendment shall become effective on the date (the "Second Amendment Effective Date") when the Documentation Agent has received each of the following, in form and substance satisfactory to the Documentation Agent:

(a) counterparts of this Amendment signed by the Borrower and each other party hereto;

(b) certified copies of resolutions of the Governing Body of the Borrower authorizing or ratifying the execution, delivery and performance by the Borrower of this Amendment;

(c) certified copies of all documents evidencing any necessary corporate (or other similar) action, and any material third-party consents and governmental approvals (if any) required for the execution, delivery and performance by the Borrower of this Amendment;

(d) confirmation that there have been no changes to the articles or certificate of formation (or similar charter document) and the bylaws or operating agreement (or similar governing documents) of the Borrower since the Effective Date;

(e) opinions letters of (i) Conyers Dill & Pearman, (ii) Willkie Farr & Gallagher LLP and (iii) the Borrower's general counsel, in each case, addressed to the Lenders and the Agents; and

(f) such other documents as any Agent or any Lender may reasonably request.

4. **Miscellaneous.**

(a) On and after the date hereof, as used in the Agreement, “hereinafter,” “hereto,” “hereof” and words of like import and all references in the Agreement, the other Credit Documents and the respective exhibits and schedules thereto shall, unless the context otherwise requires, be deemed to be references to the Agreement as amended hereby and as further amended from time to time.

(b) Except as expressly amended hereby, the parties hereto agree that the Agreement is ratified and confirmed, as amended hereby, and shall remain in full force and effect in accordance with its terms and that all provisions of this Amendment are the legally binding and enforceable agreements of the parties hereto and their permitted successors and assigns.

(c) This Amendment and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment and the transactions contemplated hereby shall be governed by, and construed in accordance with, the law of the State of New York.

(d) The provisions of Sections 12.15 and 12.16 of the Agreement regarding, among other things, jurisdiction, service of process and waiver of trial by jury, shall apply to this Amendment as if the same were set out in full herein in this place.

(e) This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Delivery of a counterpart hereof, or a signature page hereto, by facsimile or in a .pdf or similar file shall be effective as delivery of a manually executed original counterpart thereof.

(f) Section captions used in this Amendment are for convenience only and shall not affect the construction of this Amendment.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

RENAISSANCE REINSURANCE LTD.

By: /s/ Mark A. Wilcox

Name: Mark A Wilcox

Title: Senior Vice President, Corporate Controller & Chief Accounting Officer

S-1

BANK OF MONTREAL, as Documentation Agent

By: /s/ Joan Murphy

Name: Joan Murphy

Title: Director

S-2

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BANK OF MONTREAL, LONDON BRANCH, as a Lender

By: /s/ Andy McClinton

Name: Andy McClinton

Title: MD

By: /s/ Jeffrey Couch

Name: Jeffrey Couch

Title: Head of Inv. Banking

S-3

CITIBANK EUROPE PLC., as Collateral Agent and a Lender

By: /s/ Peadar Mac Canna

Name: Peadar Mac Canna

Title: Managing Director

S-4



ING BANK N.V., LONDON BRANCH., as Letter of Credit Agent and a Lender

By: /s/ N. J. Marchant

Name: N. J. Marchant

Title: Director

By: /s/ M. E. R. Sharman

By:

Name: M. E. R. Sharman

Title: Managing Director

S-5

## CERTIFICATION

I, Kevin J. O'Donnell, certify that:

1. I have reviewed this Form 10-Q of RenaissanceRe Holdings Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2016

/s/ Kevin J. O'Donnell

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Kevin J. O'Donnell  
Chief Executive Officer

## CERTIFICATION

I, Jeffrey D. Kelly, certify that:

1. I have reviewed this Form 10-Q of RenaissanceRe Holdings Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2016

/s/ Jeffrey D. Kelly  
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Jeffrey D. Kelly  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-Q of RenaissanceRe Holdings Ltd. (the "Company") for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin J. O'Donnell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin J. O'Donnell

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Kevin J. O'Donnell

Chief Executive Officer

July 27, 2016

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-Q of RenaissanceRe Holdings Ltd. (the "Company") for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey D. Kelly, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey D. Kelly

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Jeffrey D. Kelly

Chief Financial Officer

July 27, 2016