SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 1998 Commission File No. 34-0-26512

RENAISSANCERE HOLDINGS LTD.

(Exact name of Registrant as specified in its charter)

Bermuda	98-013-8020
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Renaissance House, 8-12 East Broadway, Pembroke HM 19 Bermuda

(Address of Principal Executive Offices)

(441) 295-4513

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act: Common Shares, par value $1.00 per share

Securities registered pursuant to Section 12(g) of the Act: None

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 (X) No ( )

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of Common Shares held by nonaffiliates of the Registrant as of March 29, 1999 was $401,252,390 based on the closing sale price of the Common Shares on the New York Stock Exchange on that date.

The number of Common Shares outstanding as of March 29, 1999 was 20,927,331.

DOCUMENTS INCORPORATED BY REFERENCE

Sections of the Registrant's Annual Report to Shareholders mailed to shareholders on or about March 30, 1999 (the "Annual Report") are incorporated by reference into Part II of this Form 10-K. With the exception of the sections of the Annual Report specifically incorporated by reference herein, the Annual Report is not deemed to be filed as part of this Form 10-K.

Sections of the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission (the "Commission") pursuant to Regulation 14A under the Securities Exchange Act of 1934 relating to the Registrant's Annual General Meeting of Shareholders to be held on May 13, 1999 (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K. With the exception of the sections of the Proxy Statement specifically incorporated by reference herein, the Proxy Statement is not deemed to be filed as part of this Form 10-K.

RENAISSANCERE HOLDINGS LTD.
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PART I

Unless the context otherwise requires, references herein to the "Company" include RenaissanceRe Holdings Ltd. ("RenaissanceRe") and its subsidiaries, which principally include Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), DeSoto Insurance Company ("DeSoto"), Nobel Insurance Company ("Nobel"), Glencoe Insurance Ltd. ("Glencoe"), Renaissance Services Ltd. ("Services"), Renaissance Reinsurance of Europe ("Renaissance Europe"), Renaissance U.S. Holdings, Inc. ("Renaissance U.S."), Pembroke Managing Agents, Inc. ("Pembroke") and Paget Insurance Agency, Inc. ("Paget"). Certain terms used below are defined in the "Glossary of Selected Insurance Terms" appearing on pages 21-23 of this Report.

Note on Forward-Looking Statements

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, the Company. In particular, statements using verbs such as "expect", "anticipate", "intends", "believe" or words of similar impact generally involve forward-looking statements. In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this report should not be considered as a representation by the Company or any other person that the objectives or plans of the Company will be achieved. Numerous factors could cause the Company's actual results to differ materially from those in the forward-looking statements, including the following: (i) the occurrence of catastrophic events with a frequency or severity exceeding the Company's estimates; (ii) a decrease in the level of demand for the Company's reinsurance or insurance business, or increased competition owing to increased capacity in the industry; (iii) any lowering or loss of one of the financial or claims-paying ratings of the Company or one or more of its subsidiaries; (iv) risks with implementing business strategies of the Company; (v) uncertainties in the Company's reserving process; (vi) failure of the Company's reinsurers to honor their obligations; (vii) actions of competitors including industry consolidation; (viii) loss of services of any one of the Company's key executive officers; (ix) the passage of federal or state legislation subjecting Renaissance Reinsurance to supervision or regulation, including additional tax regulation, in the United States or other jurisdictions in which the Company operates; (x) challenges by insurance regulators in the United States to Renaissance Reinsurance's claim of exemption from insurance regulation under the current laws; (xi) changes in economic conditions, including currency rate conditions which could affect the Company's investment portfolio; (xii) uncertainties with respect to the Company's planned distribution of certain operating units of Nobel Insurance Company; (xiii) risks relating to the Year 2000 issue; or (xiv) a contention by the United States Internal Revenue Service that the Company or Renaissance Reinsurance is engaged in the conduct of a trade or business within the U.S. The foregoing review of important factors should not be construed as exhaustive; the Company undertakes no obligation to release publicly the results of any future revisions it may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Item 1. Business

General

RenaissanceRe is a Bermuda based holding company, incorporated in 1993, with operating subsidiaries engaged in reinsurance and insurance. The Company's principal operating subsidiary, Renaissance Reinsurance provides property catastrophe reinsurance coverage to insurers and reinsurers, primarily on an excess of loss basis. During 1998, Renaissance Reinsurance wrote $207.2 million of premium and, based on gross premiums written, Renaissance Reinsurance is one of the largest providers of this coverage in the world. Excess of loss catastrophe coverage generally provides coverage for claims arising from large natural catastrophes, such as earthquakes and hurricanes, in excess of a specified loss. In connection with the coverage it provides, Renaissance Reinsurance is also exposed to claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, fires and tornadoes.

RenaissanceRe is continuing to expand its primary insurance business through internal growth and acquisition. In 1996 RenaissanceRe incorporated Glencoe, which provides primary catastrophe-exposed property coverage on an excess and surplus lines basis, and is eligible to write business in 29 states. During 1998, Glencoe wrote $5.6 million of primary insurance premium.

In January 1998, RenaissanceRe began to provide personal lines coverages through DeSoto, a wholly owned subsidiary of Glencoe. DeSoto is a special purpose Florida homeowners insurance company that is licensed to assume and renew homeowner policies from the Florida Joint Underwriting Authority (the "JUA"), a state sponsored insurance company. During 1998, DeSoto wrote $26.7 million of primary homeowners insurance coverage.

On June 25, 1998, RenaissanceRe, through its U.S. holding company, Renaissance U.S., completed its acquisition of the U.S. operating subsidiaries of Nobel Insurance Limited, a Bermuda company ("Nobel Limited"), for $56.1 million. During the fourth quarter of 1998, RenaissanceRe recorded after tax charges of $40.1 million related to Nobel Insurance Company ("Nobel"). As a result of these charges, RenaissanceRe adopted a plan to exit each of Nobel's current businesses. Nobel will continue to operate these business units on a transitional basis. See "Primary Insurance Operations - Nobel" on page 8 of this form 10-K.

Nobel is a Texas domiciled company admitted in 50 states and the District of Columbia to write all insurance lines except life insurance, with statutory surplus of $15 million at December 31, 1998. In connection with the acquisition of Nobel, the Company also acquired four related operating companies: (i) Nobel Managing Agents, Inc. ("NMA"), a Texas corporation that provides insurance brokerage and risk management services; (ii) Nobel Insurance Agency, Inc. ("NIA"), a Texas corporation that serves as Nobel's commercial and personal lines recording agency; (iii) Nobel Service Corporation ("NSC"), a Delaware corporation which provides certain administrative and management services for Nobel; and (iv) IAS Claim Services, Inc. ("IAS"), a Delaware corporation which conducts claims adjusting services on behalf of the Company's U.S. primary operations, as well as for third parties.

In October 1998, Renaissance Europe was incorporated under the laws of Ireland as a wholly owned subsidiary of Renaissance Reinsurance to provide certain property catastrophe reinsurance coverage in Europe.

On December 31, 1998, RenaissanceRe entered into an agreement to purchase a 10% percent interest in Inter-Ocean Holdings Ltd. Also, effective January 11, 1999, RenaissanceRe entered into a joint venture, Top Layer Reinsurance Ltd., with State Farm Mutual Automobile Insurance Company ("State Farm") to provide high layer coverage for non-U.S. risks.

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

The property catastrophe reinsurance market and the primary insurance market continued to be highly competitive in 1998. Because the primary catastrophe reinsurance business has been one of the most profitable segments of the market, it is the focus of much competition, which has resulted in lower premiums measured on a risk-adjusted basis.

Ratings

Renaissance Reinsurance has been assigned an "A" claims-paying ability rating from each of Standard & Poor's Insurance Ratings Services ("S&P") and A.M. Best Company, Inc. ("AM Best"), and Glencoe has been assigned an "A-" claims-paying ability rating from A.M. Best, representing independent opinions of the financial strength and ability of Renaissance Reinsurance and Glencoe to meet their respective obligations to their policyholders. As a result of Nobel's recent operating performance (See "Primary Insurance Operations - Nobel"), A.M. Best has reduced the credit rating of Nobel from "A-" to "B+". Such ratings may not reflect the considerations applicable to an investment in the Company.

The "A" range ("A+," "A" and "A-") is the third highest of four ratings ranges within what S&P considers the "secure" category. Insurance companies assigned a claims-paying ability rating in the "A" range are believed by S&P to provide good financial security, but their capacity to meet policyholder obligations is somewhat susceptible to adverse economic and underwriting conditions.

"A (Excellent)" and "A- (Excellent)" are the third and fourth highest of A.M. Best's sixteen ratings designations. Insurance companies assigned an "A" or "A-" rating by A.M. Best are companies which, in A.M. Best's opinion, have demonstrated excellent overall performance when compared to the standards established by A.M.

The "B++ and B+ (Very Good)" ratings are the fifth and sixth highest of A.M. Best's sixteen ratings designations and are included within what A.M. Best considers the "secure" category. A.M. Best assigns a B+ rating to insurance companies which in A.M. Best's view have, on balance, excellent financial strength, operating performance and market profile and a good ability to meet their ongoing obligations to policyholders.

Strategy

The principal components of the Company's business strategy are to:

- Focus on the property catastrophe reinsurance business. The Company's primary focus is property catastrophe reinsurance, which represented approximately 77% of the Company's gross premiums written in 1998, 91% in 1997 and 95% in 1996, respectively.

- Build a superior portfolio of property catastrophe reinsurance by utilizing proprietary modeling capabilities. The Company assesses underwriting decisions on the basis of the expected incremental return on equity of each new reinsurance contract in relation to the Company's overall portfolio of reinsurance contracts. To facilitate this, the Company has developed REMS(C), a proprietary, computer-based pricing and exposure management system. The Company utilizes REMS(C) to assess property catastrophe risks, price treaties and limit aggregate exposure. The Company combines the analyses generated by REMS(C) with its own knowledge of the client submitting the proposed program to assess the premium offered against the risk of loss that such program presents. See "Underwriting."

- Utilize the Company's capital base efficiently while maintaining prudent risk levels in the Company's reinsurance portfolio. The Company manages its risks through a variety of means, including the use of contract terms, portfolio selection methodology, diversification criteria and probability analyses. By using such measures and by employing its proprietary modeling capabilities, the Company attempts to construct a portfolio of reinsurance contracts which maximizes the use of its capital while optimizing the risk-reward characteristics of its portfolio. The Company relies less on traditional ratios, such as net premiums written to surplus, because the Company believes that such statistics do not adequately reflect the risk in the property catastrophe reinsurance business. Management believes the level of net premiums written relative to surplus does not reflect the composition of a reinsurer's attachment points, aggregate limits, geographic diversification, and other material elements of the risk exposures embodied in a reinsurer's book of business.

- Capitalize on the experience and skill of management. The Company's senior management team has extensive experience in the reinsurance and/or insurance industries, with an average of approximately 18 years of experience for each of the four senior executives of the Company. Additionally, senior management is supported by an officer group with an average of approximately eleven years of experience in the reinsurance and/or insurance industries.

- Build and maintain long-term relationships with brokers and clients. The Company markets its reinsurance products worldwide exclusively through reinsurance brokers. The Company believes that its existing portfolio of reinsurance business is a valuable asset given the renewal practices of the reinsurance industry. The Company believes that it has established a reputation with its brokers and clients for prompt response on underwriting submissions, for fast claims payments and for the development of customized reinsurance programs. See "Marketing."

- Maintain a low cost structure. Management believes that as a result of its ability to maintain a small staff and by basing operations in the favorable regulatory and tax environment of Bermuda, the Company is able to maintain low operating costs relative to its capital base and net premiums earned. As of March 29, 1999, the Company, including Nobel, had approximately 280 employees. Following the Nobel Acquisition, the Company employed approximately 250 additional employees, and is subject to an increased level of U.S. regulation through the businesses purchased from Nobel. See "Regulation."

- Leverage the Company's modeling expertise by expanding into primary insurance markets with significant natural catastrophe exposures. The Company is pursuing opportunities in the United States to write an increased level of catastrophe-exposed primary insurance. The Company is exploring opportunities to write both personal and commercial coverages, on a primary basis, where natural catastrophe exposures represent a significant component of the overall exposure. In addition to Glencoe, these opportunities are being pursued through the development of new operations, such as DeSoto, or through acquisitions, such as the purchase of the operating subsidiaries of Nobel.

Industry Trends

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

The Company has entered the primary insurance business, focusing particularly on catastrophe exposed business, with a view to leveraging the risk assessment skills of the core reinsurance business. In addition, the Company will continue to evaluate other new business opportunities, which may be related or unrelated to its current insurance or reinsurance businesses.

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

The year ended December 31, 1998 was the third worst year for insured U.S. catastrophe losses as measured in nominal dollars and as reported by Property Claims Services. In comparison, the year ended December 31, 1997 was a relatively light year for natural catastrophe losses. Gross claims in 1998 included claims on a number of aggregate stop loss and excess of loss contracts, as well as claims related to Hurricane Georges, the January Canadian Freeze, Hurricane Bonnie and additional claims from various U.S. wind, hail, tornado and flood claims. However, largely due to Renaissance Reinsurance's reinsurance protection, the net loss ratio of Renaissance Reinsurance was not significantly impacted by the 1998 catastrophe loss events. Net reinsurance claims for Renaissance Reinsurance in 1998 were $42.4 million, or 25.0 percent of net premiums earned as compared with $49.0 million in 1997 or 23.6 percent of net premiums earned. Due to the high severity and low frequency of claims related to the property catastrophe reinsurance business, there can be no assurance that Renaissance Reinsurance will continue to experience this level of net claims in future years.

During recent fiscal years, there has been considerable consolidation among the leading reinsurance brokerage firms; whereby 64.2 percent of the Company's 1998 assumed premiums were sourced from five reinsurance brokers. Although there can be no assurance as to how this consolidation may affect the property catastrophe reinsurance business and the business of the Company, the Company believes that its relationships with the brokers will minimize any adverse effect on the Company's business.

Also, during recent fiscal years, there has been considerable consolidation among the Company's customers, which has been a partial contributor to the reduction of the Company's reinsurance premiums. Although this consolidation may continue to occur, the Company believes that its financial strength, its position as one of the market leaders in the property catastrophe reinsurance industry and its ability to provide innovative products to the industry will enable the Company to maintain its current gross premium volume in the reinsurance business.

Premium rates or other terms or conditions of trade may vary in the future, the present level of demand may not continue and the present level of supply may increase as a result of capital provided by recent or future market entrants or by existing property catastrophe reinsurers. Some of the property catastrophe reinsurers who have entered the worldwide reinsurance markets (or may enter them in the future) have or could have more capital than the Company. The full effect of this additional capital on the property catastrophe reinsurance market may not be known for some time.

Management is aware of a number of new, proposed or potential legislative or industry changes that may impact the worldwide demand for property catastrophe reinsurance and other products offered by the Company. In the United States, the states of Hawaii and Florida have implemented arrangements whereby property insurance in catastrophe prone areas is provided through state-sponsored entities. The California Earthquake Authority, the first privately financed, publicly operated residential earthquake insurance pool, provides earthquake insurance to California homeowners. Additionally, in recent years the U.S. Congress has considered a number of proposals to establish a federal program to provide reinsurance for state disaster insurance programs and ensure the availability and affordability of insurance against catastrophic natural disasters, respectively, and could impact upon the demand for, and availability of, traditional reinsurance. In the United Kingdom, the government has enacted a bill to allow insurers to build claim equalization reserves which might reduce the amount of property reinsurance necessary in the marketplace. Management is also aware of many potential initiatives by capital market participants to produce alternative products that may compete with the existing catastrophe reinsurance markets. Management is unable to predict the extent to which the foregoing new, proposed or potential initiatives may affect the demand for the Company's products or the risks which may be available for the Company to consider underwriting.

Segment Information

Certain information regarding the Company's segments of operations are provided on the following pages. Further information regarding the Company's segments of operations are contained in Note 15 to the Consolidated Financial Statements of the Company contained on page 42 of the Company's Annual Report to Shareholders for the year ended December 31, 1998, and is incorporated herein by reference thereto.

Reinsurance Products

The Company's property catastrophe reinsurance contracts are generally "all risk" in nature. The Company's most significant exposure is to losses from earthquakes and hurricanes, although the Company is also exposed to claims arising from other natural and man-made catastrophes, such as winter storms, freezes, floods, fires and tornadoes, in connection with the coverages it provides. The Company's 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 the property reinsurance contract when arising from a covered peril. In accordance with market practice, the Company's property reinsurance contracts generally exclude certain risks such as war, nuclear contamination or radiation.

Catastrophic events of significant magnitude have historically been relatively infrequent, although the property catastrophe reinsurance market experienced a high level of worldwide catastrophe losses in terms of both frequency and severity during the period from 1987 to 1996 as compared to prior years. However, because of the wide range of the possible catastrophic events to which the Company is exposed, and because of the potential for multiple events to occur in the same time period, the Company's business is volatile, and its results of operations may reflect such volatility. Further, the Company's financial condition may be impacted by this volatility over time or at any point in time. The effects of claims from one or a number of severe catastrophic events could have a material adverse effect on the Company. The Company expects that increases in the values and concentrations of insured property and the effects of inflation will increase the severity of such occurrences per year in the future.

The Company seeks to moderate the volatility described in the preceding paragraph through the use of contract terms, portfolio selection methodology, diversification criteria and probability analyses. Also, consistent with its risk management practices, the Company purchases property catastrophe coverage for its own account to seek to further reduce the potential volatility of its results.

Type of Reinsurance

The following table sets forth the Company's gross premiums written and number of programs written by type of reinsurance.

	Year Ended December 31,					
	1998		1997		1996	
Type of Reinsurance	Gross Premiums Written	Number of Programs	Gross Premiums Written	Number of Programs	Gross Premiums Written	Number of Programs
(in millions)						
Catastrophe excess of loss	$137.0	249	$150.8	311	$156.0	293
Excess of loss retrocession	39.8	64	37.6	74	70.4	105
Proportional retrocession of catastrophe excess of loss	20.3	13	21.9	11	33.3	11
Marine, aviation and other	10.1	15	10.9	25	8.6	25
Total Reinsurance	$207.2	341	$221.2	421	$268.3	434

Catastrophe Excess of Loss Reinsurance. Catastrophe excess of loss reinsurance provides coverage to primary insurers when aggregate claims and claim expenses from a single occurrence of a covered peril exceed the attachment point specified in a particular contract. A portion of the Company's property catastrophe excess of loss contracts limit coverage to one occurrence in a contract year, but most such contracts provide for coverage of a second occurrence after the payment of a reinstatement premium. The coverage provided under excess of loss retrocessional contracts may be on a worldwide basis or limited in scope to selected geographic areas. Coverage can also vary from "all property" perils to limited coverage on selected perils, such as "earthquake only" coverage.

Excess of Loss Retrocessional Reinsurance. The Company also enters into retrocessional contracts pursuant to which it provides property catastrophe coverage to other reinsurers or retrocedents. In providing retrocessional reinsurance, the Company focuses on property catastrophe retrocessional reinsurance which covers the retrocedent on an excess of loss basis when aggregate claims and claim expenses from a single occurrence of a covered peril and from a multiple number of reinsureds exceed a specified attachment point. The coverage provided under excess of loss retrocessional contracts may be on a worldwide basis or limited in scope to selected geographic areas. Coverage can also vary from "all property" perils to limited coverage on selected perils, such as "earthquake only" coverage. In general, excess of loss retrocessional contracts are for a term of one year. Retrocessional coverage is characterized by high volatility, principally because retrocessional contracts expose a reinsurer to an aggregation of losses from a single catastrophic event. In addition, the information available to retrocessional underwriters concerning the original primary risk can be less precise than the information received from primary companies directly. Moreover, exposures from retrocessional business can change within a contract term as the underwriters of a retrocedent alter their book of business after retrocessional coverage has been bound.

Proportional Retrocessional Reinsurance. The Company writes proportional retrocessions of catastrophe excess of loss reinsurance treaties when it believes that premium rates and volume are attractive. In such proportional retrocessional reinsurance, the Company assumes a specified proportion of the risk on a specified coverage and receives an equal proportion of the premium. The ceding insurer receives a commission, based upon the premiums ceded to the reinsurer, and may also be entitled to receive a profit commission based on the ratio of losses, loss adjustment expense and the reinsurer's expenses to premiums ceded. A proportional retrocessional catastrophe reinsurer is dependent upon the ceding insurer's underwriting, pricing and claims administration to yield an underwriting profit, although the Company generally obtains detailed underwriting information concerning the exposures underlying the proportional retrocessions of catastrophe excess of loss reinsurance treaties written by the Company. In addition, all of the Company's proportional retrocessions of catastrophe excess of loss reinsurance contracts have aggregate per event risk exposure limits.

Marine, Aviation and Other Reinsurance. The Company has also written short-tail marine and aviation reinsurance and retrocessional reinsurance for selected domestic and foreign insurers and reinsurers. Marine and aviation risks involve primarily property damage, although certain marine and aviation risks may involve casualty coverage arising from the same event causing the property claim. Coverage is generally written in excess of a substantial attachment point, so events likely to cause a claim will occur infrequently, such as the destruction of a drilling platform, the loss of a satellite or the loss of a sizable vessel and its contents. Although the Company focuses on writing catastrophe excess of loss reinsurance, the Company also writes risk excess of loss reinsurance and retrocessions. The risk excess of loss treaties in which the Company participates generally contain limited reinstatement provisions. In selected cases, the Company also writes customized financial reinsurance contracts when the expected returns are particularly attractive.

Primary Insurance Operations; Glencoe, DeSoto, and Nobel

The Company is pursuing opportunities in the United States to write an increased amount of catastrophe-exposed primary insurance. The Company expects to write both personal and commercial coverages, on a primary basis, where natural catastrophe exposures represent a significant component of the overall exposure.

Glencoe - In January 1996, the Company incorporated Glencoe in Bermuda as an excess and surplus lines insurance company. Glencoe is pursuing opportunities in the catastrophe-exposed primary insurance business in the United States, and is writing policies that primarily are exposed to earthquake and wind perils. Glencoe is eligible to do business in the United States on an excess and surplus lines basis in 29 states. For the year ended December 31, 1998, Glencoe generated gross premiums written of $5.6 million, and net income of $4.0 million. For the year ended December 31, 1997, Glencoe generated gross premiums written of $7.0 million and net income of $2.4 million. For the year ended December 31, 1996, Glencoe generated gross premiums written of $1.6 million and net income of $0.9 million.

DeSoto - In September 1997, Glencoe organized DeSoto in Florida to pursue the assumption of policies from the Florida Residential Property and Casualty Joint Underwriting Association (the "JUA"). In January 1998, the Company began to provide personal lines coverages through DeSoto with an initial assumption of approximately 12,000 policies with an in-force premium of approximately $10 million. For the year ended December 31, 1998 DeSoto generated $26.7 million of gross written premium and net income of $3.3 million.

Nobel - On June 25, 1998, the Company completed its acquisition of the U.S. operating subsidiaries of Nobel Limited for $56.1 million. Between September and December 1998, the Company contributed an additional $9 million of capital to Nobel. As part of the transaction, the Company provided Nobel Limited with a limited recourse loan of $8.9 million to support the liquidation of Nobel Limited. The Company currently estimates that Nobel, after satisfying its liabilities, will have the ability to repay $7.9 million of this loan. The gross assets and gross liabilities purchased in the transaction were $188.1 million and $155.9 million, respectively, thereby resulting in the recognition of $23.9 million of goodwill, which is being amortized on a straight line basis over a 20 year period (subsequently written down to $14.0 million due to the fourth quarter charge described below). The Company accounted for this acquisition using the purchase method of accounting and issued no shares as part of the purchase.

During the fourth quarter of 1998, the Company recorded an after tax charge of $40.1 million, consisting of $29.6 million of adverse development on Nobel's casualty and surety books of business, a goodwill write-down of $6.6 million, and other related costs of $3.9 million. As a result of Nobel's operating performance, A.M. Best reduced the credit rating of Nobel from "A-" to "B+" and Nobel is seeking to sell or reinsure its principal businesses and reserves, specifically the casualty, surety, low-value dwelling and bail bond businesses. While the Company intends to pursue an exit from these businesses, there can be no assurance that the Company will complete any specific transactions and, if sales transactions do occur, there can be no assurance that the Company will receive its estimated fair value of the Nobel businesses. Accordingly, the future results of the Company's operations could be adversely affected by a potential write-down of goodwill, a partial write-off of the deferred tax asset or by other costs or loss in value which could occur during the transaction process. Nobel will continue to operate these business units on a transitional basis. Subsequent to the sale of the businesses, Renaissance U.S. expects to retain ownership of Nobel along with its licenses in the 50 states of America although there can be no assurance that such licenses can be successfully maintained following such sales.

Nobel has been engaged in the following lines of business however, as discussed above, the Company is seeking to exit the Commercial Casualty, Personal Lines and Bail Bonds businesses of Nobel.

Commercial Casualty Programs. The commercial casualty insurance program offered by Nobel consists of: combined single limit automobile liability; automobile physical damage; combined single limit comprehensive general liability; combined single limit excess liability; and motor truck cargo coverage. Additionally, Nobel assists insureds in placing workers' compensation coverages with various state assigned risk pools and property coverages with unaffiliated insurers.

Personal Lines Program. Nobel writes a Personal Lines Program comprised of homeowners and fire policies covering homes valued up to $140,000, but which is predominated by lower value dwellings (the "LVD Program"). Nobel is a leading provider of low-value dwelling insurance in South Carolina, and also provides this coverage in other states.

Bail Bond. Nobel presently writes bail bond insurance through four General Agents. Nobel is indemnified through collateral provided to the producing and General Agent and as such retains all business written.

Claim Adjusting Service Business. Renaissance U.S. owns IAS Claims Services, Inc., a Delaware company based in Texas. This company provides claim adjusting services and is divided into two divisions, IAS and Cat Crew. IAS offers a broad range of routine and custom claims services tailored to the insurance carrier's specifications. CAT Crew appraises and adjusts catastrophic events on a nationwide basis. The claim adjusting service businesses provide services both to the Company's primary insurance operations and to third parties.

As a result of the Company's plan to sell or reinsure the remaining businesses of Nobel, it is anticipated that the gross written premiums in 1999 related to Nobel will be substantially lower than the $31 million of gross written premiums Nobel received in 1998.

Potential Diversification

From time to time, the Company may consider opportunistic diversification into new ventures, either through organic growth or the acquisition of other companies or books of business. In evaluating such new ventures, the Company seeks an attractive return on equity, the ability to develop or capitalize on a competitive advantage and opportunities that will not detract from its core reinsurance operations. Accordingly, the Company regularly reviews strategic opportunities and periodically engages in discussions regarding possible transactions. However, there can be no assurance that the Company will enter into any such agreement in the future, or that any consummated transaction would contribute materially to the Company's results.

Geographic Diversification

The Company seeks to diversify its exposure across geographic zones. The Company writes the majority of its business within the United States because the returns obtained relative to the risks involved are currently most attractive in the United States and because it is able to obtain the most detailed underwriting information on U.S. risks. Within the United States, the Company's zones of highest exposure are Southern California, Northern California, metropolitan New York, New Madrid (midwestern United States) and Southern Florida. The following table sets forth the percentage of the Company's gross insurance and reinsurance premiums written allocated to the territory of coverage exposure.

	Year Ended December 31,					
	1998		1997		1996	
Geographic Area	Gross Premiums Written	Percentage of Gross Premiums Written	Gross Premiums Written	Percentage of Gross Premiums Written	Gross Premiums Written	Percentage of Gross Premiums Written
(in millions)						
United States - reinsurance	$128.4	47.5%	$116.7	54.2%	$125.1	46.4%
United States - primary	63.3	23.4	7.0	3.1	1.5	0.5
Worldwide	20.6	7.6	27.9	12.2	44.5	16.5
Worldwide (excluding U.S.)(1)	26.4	9.8	32.0	14.0	38.7	14.3
Europe (including U.K.)	18.5	6.8	21.0	9.2	31.5	11.7
Other	9.4	3.5	16.8	7.4	19.0	7.0
Australia and New Zealand	3.9	1.4	6.9	3.0	9.6	3.6
Total	$270.5	100.0%	$228.3	100.0%	$269.9	100.0%

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(1) The category "Worldwide (excluding U.S.)" consists of contracts that cover more than one geographic zone (other than the U.S.). The exposure in this category for gross premiums written to date is predominantly from Europe. See Note 13 to Consolidated Financial Statements.

Program Limits

The following table sets forth the number of the Company's reinsurance programs in force at December 31, 1998 by aggregate program limits.

Aggregate Program Limit	Number of Programs
$50-60 million	4
$40-50 million	3
$30-40 million	8
$20-30 million	11
$10-20 million	53
Less than $10 million	262
Total	341

Underwriting

The Company's primary underwriting goal is to construct a portfolio of reinsurance and insurance contracts that maximizes the return on shareholders' equity subject to prudent risk constraints.

Management assesses underwriting decisions on the basis of the expected incremental return on equity of each new reinsurance contract in relation to the Company's overall portfolio of reinsurance contracts. To facilitate this, Management has developed REMS(C), a proprietary, computer-based pricing and exposure management system. Management utilizes REMS(C) to assess property catastrophe risks, price treaties and limit aggregate exposure. REMS was developed with consulting assistance from Tillinghast, an actuarial consulting unit of Towers, Perrin, Forster & Crosby, Inc., and AIR, the developer of the CATMAP(TM) system. REMS(C) has analytic and modeling capabilities that assist the Company's underwriters in assessing the catastrophe exposure risk and return of each incremental reinsurance contract in relation to the Company's overall portfolio of reinsurance contracts. The Company has licensed and integrated into REMS(C) six commercially available catastrophe computer models in addition to the Company's base model. The Company uses these models to validate and stress test its base REMS(C) results. In addition, the Company stress tests its exposures and potential future results by increasing the frequency and severity of catastrophic events above the levels embedded in the models purchased from the outside consultants. Management combines the analyses generated by REMS(C) with its own knowledge of the client submitting the proposed program to assess the premium offered against the risk of loss which such program presents.

REMS(C) provides more precise exposure information than is generally analyzed currently throughout the property catastrophe reinsurance industry. REMS(C) combines computer-generated statistical simulations that estimate catastrophic event probabilities with exposure and coverage information on each client's reinsurance contract to produce expected claims for reinsurance programs submitted to the Company. REMS(C) then uses simulation techniques to generate 40,000 years of catastrophic event activity, including events causing in excess of $250 billion in insured industry losses. From this 40,000 year simulation, the Company is able to obtain expected claims, expected profits and a probability distribution of potential outcomes for each program in its portfolio and for its total portfolio.

Management believes that REMS(C) provides the Company's underwriters with several competitive advantages which are not generally available. These include (i) the ability to simulate 40,000 years of catastrophic event activity compared to a much smaller sample in generally available models, allowing the Company to analyze its exposure to a greater number and combination of potential events, (ii) the ability to analyze the incremental impact of an individual reinsurance contract on the Company's overall portfolio, and (iii) the ability to collect detailed data from a wide variety of sources which allows the Company to measure geographic exposure at a detailed level.

For its property catastrophe reinsurance business, the Company has developed underwriting guidelines that limit the amount of exposure it will underwrite directly for any one cedent, the exposure to claims from any single catastrophic event and the exposure to losses from a series of catastrophic events. The Company also attempts to distribute its exposure across a range of attachment points.

As part of its pricing and underwriting process, the Company also assesses a variety of factors, including the reputation of the proposed cedent and the likelihood of establishing a long-term relationship with the cedent; the geographic area in which the cedent does business and its market share; historical loss data for the cedent and, where available, for the industry as a whole in the relevant regions, in order to compare the cedent's historical catastrophe loss experience to industry averages; the cedent's pricing strategies; and the perceived financial strength of the cedent.

During 1998, consistent with its risk management practices and the availability of coverage responsive to the company's risk profile, the Company increased the level of property catastrophe reinsurance coverage purchased for its own account. Ceded premiums written in the Company's reinsurance operations during 1998 were $47.7 million compared to $31.6 million in 1997. Additionally, the Company's primary operations had ceded premiums of $27.7 million (compared to $9 million in 1997). To the extent that appropriately priced coverage is available, the Company anticipates continued use of its reinsurance to reduce potential volatility of its results. Glencoe markets its products through a diverse group of surplus lines brokers operating primarily in cat exposed states.

Marketing

The Company markets its reinsurance products worldwide exclusively through reinsurance brokers. The Company focuses its marketing efforts on targeted brokers and insurance and reinsurance companies, placing primary emphasis on existing clients. Management believes that its existing portfolio of business is a valuable asset given the renewal nature of the reinsurance industry and, therefore, attempts to continually strengthen relationships with its existing brokers and clients. The Company also targets prospects that are deemed likely to enhance the risk/return composition of its portfolio, that are capable of supplying detailed and accurate underwriting data and that potentially add further diversification to the Company's book of business. Glencoe markets its products through a diverse group of surplus lines brokers operating primarily in cat exposed states.

Management believes that primary insurers' and brokers' willingness to use a particular reinsurer is based not just on pricing terms, but on the financial security of the reinsurer, its claim paying ability ratings, perceptions of the quality of a reinsurer's service, the reinsurer's willingness to design customized programs, its long-term stability and its commitment to provide reinsurance capacity. Management believes that the Company has established a reputation with its brokers and clients for prompt response on underwriting submissions and for fast claims payments. Since the Company selectively writes large lines on a limited number of property catastrophe reinsurance contracts, it can establish reinsurance terms and conditions on these contracts that are attractive in its judgment, make large commitments to the most attractive programs and provide superior client responsiveness. In addition, the Company acts as sole reinsurer on certain property catastrophe reinsurance contracts, which allows the Company to take advantage of its ability to develop customized reinsurance programs. Management believes that such customized programs help the Company to develop long-term relationships with brokers and clients.

The reinsurance brokers perform data collection, contract preparation and other administrative tasks, enabling the Company to market its reinsurance products cost effectively by maintaining a smaller staff. The Company believes that by maintaining close relationships with brokers, it is able to obtain access to a broad range of potential reinsureds. Subsidiaries and affiliates of E.W. Blanch & Co., J&H Marsh & McLennan, Inc., AON Re Group, Herbert Clough Inc., and Bates Turner, L.L.C. (a GE Capital Services Company, an affiliate of GE Investments) accounted for approximately 23.2%, 18.8%, 12.6%, 5.4% and 4.2%, respectively, of the Company's net premiums written in 1998. During such period, Renaissance Reinsurance issued authorization for coverage on programs submitted by 35 brokers worldwide. The Company received approximately 1,164 program submissions during 1998. The Company is highly selective and, from such submissions, the Company issued authorizations for coverage in 1998 for only 341 programs, or 29.3% of the program submissions received.

Reserves

The Company incurred claims of $112.8 million, $50 million, and $86.9 million for the years ended December 31, 1998, 1997 and 1996, respectively. The reserve for claims and claim expenses includes estimates for unpaid claims and claim expenses on reported losses as well as an estimate of losses incurred but not reported. The reserve is based on individual claims, case reserves and other reserve estimates reported by insureds and ceding companies as well as management estimates of ultimate losses. Inherent in the estimates of ultimate losses are expected trends in claim severity and frequency and other factors which could vary significantly as claims are settled. Accordingly, ultimate losses may vary materially from the amounts provided in the consolidated financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in the consolidated statement of income in the period in which they become known and are accounted for as changes in estimates.

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

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

Claim reserves represent estimates, including actuarial and statistical projections at a given point in time, of an insurer's or reinsurer's expectations of the ultimate settlement and administration costs of claims incurred, and it is possible that the ultimate liability may exceed or be less than such estimates. Such estimates are not precise in that, among other things, they are based on predictions of future developments and estimates of future trends in claim severity and frequency and other variable factors such as inflation. During the claim settlement period, it often becomes necessary to refine and adjust the estimates of liability on a claim either upward or downward. Even after such adjustments, ultimate liability may exceed or be less than the revised estimates. Moreover, reserve estimates by relatively new property catastrophe reinsurers, such as the Company, may be inherently more volatile than the reserve estimates of a reinsurer with a more established claims history.

Investments

As of December 31, 1998, the Company held investments and cash totaling $942.3 million with net unrealized depreciation of $5.1 million. The Company's strategy is to maximize its underwriting profitability and fully deploy its capital through its underwriting activities; consequently, the Company has established an investment policy which it considers to be conservative. The Company's investment guidelines, which are established by Management and approved by the Company's Board of Directors, stress preservation of capital, market liquidity, and diversification of risk. Notwithstanding the foregoing, the Company's investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. The primary objective of the portfolio, as set forth in such guidelines, is to maximize investment returns consistent with these policies. To achieve this objective, the Company's current fixed income investment guidelines call for an average credit quality of "AA" as measured by Standard & Poor's Ratings Group.

Primarily because of the potential for large claims payments, the Company's investment portfolio is structured to provide a high level of liquidity. The table below shows the aggregate amounts of investments available for sale, equity securities and cash and cash equivalents comprising the Company's portfolio of invested assets:

	At December 31,		
(in millions)	1998	1997	1996
Investments available for sale at fair value	$825.0	$710.2	$603.5
Equity securities, at fair value	1.6	26.4	--
Cash and cash equivalents	115.7	122.9	199.0
Total invested assets	$942.3	$859.5	$802.5

The growth in the Company's portfolio of invested assets for the year ended December 31, 1998 resulted primarily from net cash provided by operating activities of $102.5 million and the assets purchased in the Nobel acquisition, partially offset by $42.7 million utilized in purchasing Common Shares and $26.7 million utilized to pay aggregate quarterly dividends. The Company's investment income also increased during this period, largely as a result of the increased size of the fixed income portfolio.

At December 31, 1998, the Company's invested asset portfolio had a dollar weighted average rating of AA, an average duration of 2.76 years and an average yield to maturity of 5.45 percent before investment expenses.

The Company's investment portfolio is subject to the risks of further declines in realizable value. The Company attempts to mitigate these risks through the active management of its portfolio.

Under the terms of certain reinsurance contracts, the Company may be required to provide letters of credit to reinsureds in respect of reported claims and/or unearned premiums. The Company has obtained a facility providing for the issuance of letters of credit. This facility is secured by a lien on a portion of the Company's investment portfolio. At December 31, 1998 the Company had outstanding letters of credit aggregating $42.0 million. Also, in connection with the Company's January 11, 1999 investment in Top Layer Reinsurance Ltd., the Company has committed $50 million of collateral in the form of a letter of credit. This letter of credit is also secured by a portion of the Company's investments.

Derivative Instruments

The Company has assumed risk through catastrophe and weather linked securities and derivative instruments under which losses could be triggered by an industry loss index or natural parameters. For the year ended December 31, 1998, the Company's activities with respect to these securities has approximated $3 million of fees and risk premiums. To date the Company has not experienced any losses from such securities or derivatives. In the fourth quarter of 1998, the Company recorded a recovery of $7.5 million on a non-indemnity catastrophe index transaction. The Company has included this amount as other income in its financial statements. The Company may in the future utilize other derivative instruments.

Market Sensitive Instruments

The Company's investment portfolio includes investments which are subject to changes in market values with changes in interest rates. The aggregate hypothetical loss generated from an immediate adverse parallel shift in the treasury yield curve of 100 basis points would be a decrease in total return of 3.2 percent, which equates to a decrease in market value of approximately $28 million on a portfolio valued at approximately $877 million at December 31, 1998. An immediate time horizon was used as this presents the worst-case scenario.

Investment Agreements

The Company has entered into an Investment Advisory Agreement with GE Investment Management Incorporated ("GE Investment Management"). GE Investment Management manages 68.1% of the Company's investment portfolio, subject to the Company's investment guidelines. The terms of the related Investment Advisory Agreement were determined in arms' length negotiations. The performance of, and the fees paid to, GE Investment Management under the Investment Advisory Agreement are reviewed periodically by the Investment Committee of the Board. Such fees paid to GE Investment Management aggregated $0.4 million for the year ended December 31, 1998.

The following table summarizes the fair value of the investments and cash and cash equivalents of the Company as of the dates indicated.

Type of Investment	December 31, 1998	1997	1996
(in millions)			
Fixed Maturities Available for Sale:			
U.S. Government and agency debt securities	$564.6	$248.3	$ --
U.S. Corporates	137.8	--	--
Non-U.S. government debt securities	30.6	256.9	239.4
Non-U.S. corporate debt securities	67.0	188.6	329.6
Non-U.S. mortgage backed securities	--	6.9	34.5
Subtotal	800.0	700.7	603.5
Equity Securities	1.6	26.4	--
Short-term investments	25.0	9.5	--
Cash and cash equivalents	115.7	122.9	199.0
Total fixed maturity investments, equity securities, short-term investments and cash and cash equivalents	$942.3	$859.5	$802.5

The following table summarizes the fair value by contractual maturities of the Company's fixed maturity investment portfolio as of the dates indicated.

(in millions)	December 31, 1998	1997	1996
Due in less than one year	$ 193.7	$ 74.6	$ 56.1
Due after one through five years	393.7	473.0	457.1
Due after five through ten years	121.4	90.9	90.3
Due after ten years	91.2	62.2	--
Total	$ 800.0	$ 700.7	$ 603.5

Maturity and Duration of Fixed Maturity Portfolio

Currently, the Company maintains a target duration of approximately three years on a weighted average basis, reflecting Management's belief that it is important to maintain a liquid, shorter-duration portfolio to better assure the Company's ability to pay claims on a timely basis. The actual portfolio duration may not exceed the target duration by more than two years. From time to time, the Company expects to reevaluate the target duration in light of estimates of the duration of its liabilities and market conditions, including the level of interest rates, from time to time.

Quality of Debt Securities in Portfolio

The Company's guidelines for its various investment classes have strict restrictions on credit quality, duration and benchmark relative exposures. The overall investment portfolio guidelines stipulate that the overall rating of the portfolio, including cash and cash equivalents, be at least AA and no more than 20% of the composite portfolio may be below investment grade securities.

The following table summarizes the composition of the fair value of the fixed maturity portfolio as of the dates indicated by rating as assigned by S&P or, with respect to non-rated issues, as estimated by the Company's investment managers.

	December 31,		
Rating	1998	1997	1996
AAA	70.9%	56.9%	28.1%
AA	4.3	12.2	50.1
A	9.2	14.9	20.2
BBB	3.7	5.0	1.6
BB	5.2	4.9	--
B	2.2	6.1	--
NR	4.5	--	--
	100.0%	100.0%	100.0%

Foreign Currency Exposures

The Company's functional currency is the United States ("U.S.") dollar. The Company writes a substantial portion of its business in currencies other than U.S. dollars and may, from time to time, experience significant exchange gains and losses and incur underwriting losses in currencies other than U.S. dollars, which will in turn affect the Company's financial statements.

The Company's foreign currency policy is to hold foreign currency assets, including cash and receivables, that approximate the net monetary foreign currency liabilities, including loss reserves and reinsurance balances payable. All changes in the exchange rates are recognized currently in the Company's statement of income. As a result of the Company's exposure to foreign currency fluctuations, it is anticipated that during periods in which the U.S. dollar appreciates, the Company will likely recognize foreign exchange losses.

Diversification

The Company at year end had allocations to the following asset classes: U.S. Governments and agencies, U.S. Corporates, Emerging Market Debt and U.S. High Yield, Municipals, cat-linked securities and cash and cash equivalents. During 1999, the Company expects to allocate $100 million to Mortgage-Backed securities, will reduce the allocations to U.S. Government and agency and Municipals and may consider further modification to its investment allocations.

Competition

The property catastrophe reinsurance industry is highly competitive and is undergoing a variety of challenging developments, including a marked trend toward greater consolidation. The Company competes, and will continue to compete, with major U.S. and non-U.S. property catastrophe insurers, reinsurers, and certain underwriting syndicates. Many of these competitors have greater financial, marketing and management resources than the Company. In addition, new companies may enter the property catastrophe reinsurance market or existing reinsurers may deploy additional capital in the property catastrophe reinsurance market. The Company cannot predict what effect any of these developments may have on the Company and its business.

Competition in the types of reinsurance business that the Company underwrites is based on many factors, including premium charges and other terms and conditions offered, services provided, speed of claims payment, ratings assigned by independent rating agencies, the perceived financial strength and the experience of the reinsurer in the line of reinsurance to be written. The number of jurisdictions in which a reinsurer is licensed or authorized to do business is also a factor. Some of the reinsurers who have entered the Bermuda and London-based reinsurance markets have or could have greater financial, marketing or managerial resources than the Company. Ultimately, increasing competition could affect the Company's ability to attract business on terms having the potential to yield an attractive return on equity.

The primary insurance business is also highly competitive. Primary insurers compete on the basis of factors including selling effort, product, price, service and financial strength. The Company generally seeks to adjust its overall primary insurance pricing and pricing to individual customers to achieve underwriting profits and, as a result, may lose primary insurance business to competition offering competitive insurance products at lower prices. The Company's competitors in the primary insurance market include independent insurance companies, subsidiaries or affiliates of major worldwide insurance companies, underwriting syndicates and others. While the Company has determined to seek to sell the principal business lines of Nobel, the Company will continue to offer primary insurance through Glencoe and other potential subsidiaries.

Management is also aware of many potential initiatives by capital market participants to produce alternative products that may compete with the existing catastrophe reinsurance markets. Among other things, over the last several years capital markets participants, including exchanges and financial intermediaries, have developed financial products intended to compete with traditional reinsurance, the usage of which has grown in volume. In addition, the tax policies of the countries where the Company's clients operate can affect demand for reinsurance. Management is unable to predict the extent to which the foregoing new, proposed or potential initiatives may affect the demand for the Company's products or the risks which may be available for the Company to consider underwriting.

Employees

As of March 29, 1999, the Company and its subsidiaries employed approximately 280 people. The Company believes that its employee relations are satisfactory. None of the Company's employees are subject to collective bargaining agreements, and the Company knows of no current efforts to implement such agreements at the Company.

Many Bermuda based employees of RenaissanceRe and Renaissance Reinsurance, including all of the Company's senior management, are employed pursuant to work permits granted by the Bermuda authorities. These permits expire at various times over the next few years. The Company has no reason to believe that these permits would not be extended at expiration upon request, although no assurance can be given in this regard.

Regulation

Bermuda

The Insurance Act 1978, as amended, and Related Regulations. The Insurance Act, which regulates the business of Renaissance Reinsurance and Glencoe, provides that no person shall carry on an insurance business in or from within Bermuda unless registered as an insurer under the Insurance Act by the Minister. Renaissance Reinsurance and Glencoe are registered as a Class 4 and a Class 3 insurer under the Insurance Act, respectively. The Minister, in deciding whether to grant registration, has broad discretion to act as he thinks fit in the public interest. The Minister is required by the Insurance Act to determine whether the applicant is a fit and proper body to be engaged in the insurance business and, in particular, whether it has, or has available to it, adequate knowledge and expertise. In connection with the applicant's registration, the Minister may impose conditions relating to the writing of certain types of insurance.

An Insurance Advisory Committee appointed by the Minister advises him on matters connected with the discharge of his functions, and sub-committees thereof supervise and review the law and practice of insurance in Bermuda, including reviews of accounting and administrative procedures.

The Insurance Act imposes on Bermuda insurance companies solvency and liquidity standards and auditing and reporting requirements and grants to the Minister powers to supervise, investigate and intervene in the affairs of insurance companies. Significant aspects of the Bermuda insurance regulatory framework are set forth below.

Cancellation of Insurer's Registration. An insurer's registration may be canceled by the Minister on certain grounds specified in the Insurance Act, including failure of the insurer to comply with a requirement made of it under the Insurance Act or, if in the opinion of the Minister, after consultation with the Insurance Advisory Committee, the insurer has not been carrying on business in accordance with sound insurance principles.

Independent Approved Auditor. Every registered insurer must appoint an independent auditor who will annually audit and report on the Statutory Financial Statements and the Statutory Financial Return of the insurer, the latter of which is required to be filed annually with the Registrar of Companies (the "Registrar"), who is the chief administrative officer under the Insurance Act. The auditor must be approved by the Minister as the independent auditor of the insurer. The approved auditor may be the same person or firm which audits the insurer's financial statements and reports for presentation to its shareholders.

Loss Reserve Specialist. Every Registered Class 3 and Class 4 insurer is required to submit an annual loss reserve opinion when filing the Annual Statutory Financial Return. This opinion must be issued by a Loss Reserve Specialist. The Loss Reserve Specialist, who will normally be a qualified casualty actuary, must be approved by the Minister.

Statutory Financial Statements. An insurer must prepare annual Statutory Financial Statements. The Insurance Act prescribes rules for the preparation and substance of such Statutory Financial Statements (which include, in statutory form, a balance sheet, income statement, and a statement of capital and surplus, and detailed notes thereto). The insurer is required to give detailed information and analyses regarding premiums, claims, reinsurance and investments. The Statutory Financial Statements are not prepared in accordance with GAAP and are distinct from the financial statements prepared for presentation to the insurer's shareholders under the Companies Act 1981 of Bermuda, which financial statements may be prepared in accordance with GAAP. The insurer is required to submit the Annual Statutory Financial Statements as part of the Annual Statutory Financial Return.

Minimum Solvency Margin. The Insurance Act provides that the statutory assets of an insurer must exceed its statutory liabilities by an amount greater than the prescribed minimum solvency margin which varies with the type of business of the insurer and the insurer's net premiums written and loss reserve level. The minimum solvency margin for a Class 4 insurer is the greatest of $100.0 million, 50% of net premiums written (with a credit for reinsurance ceded not exceeding 25% of gross premiums) and 15% of loss and loss expense provisions and other insurance reserves. The minimum solvency margin for a Class 3 insurer is the greatest of $1.0 million, 20% of the first $6.0 million of net premiums written plus 15% of net premiums written in excess of $6.0 million, and 15% of loss and loss expense provisions and other insurance reserves.

Minimum Liquidity Ratio. The Insurance Act provides a minimum liquidity ratio for general business. An insurer engaged in general business is required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities. Relevant assets include cash and time deposits, quoted investments, unquoted bonds and debentures, first liens on real estate, investment income due and accrued, accounts and premiums receivable and reinsurance balances receivable. There are certain categories of assets which, unless specifically permitted by the Minister, do not automatically qualify as relevant assets, such as unquoted equity securities, investments in and advances to affiliates, real estate and collateral loans. The relevant liabilities are total general business insurance reserves and total other liabilities less deferred income tax and sundry liabilities (by interpretation, those not specifically defined).

Annual Statutory Financial Return. An insurer is required to file with the Registrar a Statutory Financial Return no later than four months after the insurer's financial year end (unless specifically extended). The Statutory Financial Return includes, among other items, a report of the approved independent auditor on the Statutory Financial Statements of the insurer; a declaration of the statutory ratios; a solvency certificate; the Statutory Financial Statements themselves; the opinion of the approved Loss Reserve Specialist and certain details concerning ceded reinsurance. The solvency certificate and the declaration of the statutory ratios must be signed by the principal representative and at least two directors of the insurer, who are required to state whether the Minimum Solvency Margin and, in the case of the solvency certificate, the Minimum Liquidity Ratio, have been met, and the independent approved auditor is required to state whether in its opinion it was reasonable for them to so state and whether the declaration of the statutory ratios complies with the requirements of the Insurance Act. The Statutory Financial Return must include the opinion of a Loss Reserve Specialist in respect of the loss and loss expense provisions of the insurer. Where an insurer's accounts have been audited for any purpose other than compliance with the Insurance Act, a statement to that effect must be filed with the Statutory Financial Return.

Supervision, Investigation and Intervention. The Minister may appoint an inspector with extensive powers to investigate the affairs of an insurer if the Minister believes that an investigation is required in the interest of the insurer's policyholders or persons who may become policyholders. In order to verify or supplement information otherwise provided to him, the Minister may direct an insurer to produce documents or information relating to matters connected with the insurer's business.

If it appears to the Minister that there is a risk of the insurer becoming insolvent, the Minister may direct the insurer not to take on any new insurance business; not to vary any insurance contract if the effect would be to increase the insurer's liabilities; not to make certain investments; to realize certain investments; to maintain in Bermuda, or transfer to the custody of a Bermuda bank, certain assets; not to declare or pay any dividends or other distributions or to restrict the making of such payments and/or to limit its premium income.

An insurer is required to maintain a principal office in Bermuda and to appoint and maintain a principal representative in Bermuda. For the purpose of the Insurance Act, the principal office of the Company and its Subsidiaries is at the Company's offices at Renaissance House, 8-12 East Broadway, Pembroke HM 19 Bermuda and Mr. John D. Nichols, the Company's Vice President, and Glencoe's Company's Vice President, and Treasurer, is the principal representative of Renaissance Reinsurance and Glencoe, respectively. Without a reason acceptable to the Minister, an insurer may not terminate the appointment of its principal representative, and the principal representative may not cease to act as such, unless thirty days' notice in writing to the Minister is given of the intention to do so. It is the duty of the principal representative, within thirty days of his reaching the view that there is a likelihood of the insurer for which he acts becoming insolvent or its coming to his knowledge, or his having reason to believe, that an event has occurred, to make a report in writing to the Minister setting out all the particulars of the case that are available to him. Examples of such an event include failure by the insurer to comply substantially with a condition imposed upon the insurer by the Minister relating to a solvency margin or a liquidity or other ratio.

United States and Other

Renaissance Reinsurance is not admitted to do business in any jurisdiction except Bermuda. The insurance laws of each state of the United States and of many other countries regulate the sale of insurance and reinsurance within their jurisdictions by alien insurers, such as Renaissance Reinsurance, which are not admitted to do business within such jurisdiction. With some exceptions, such sale of insurance or reinsurance within a jurisdiction where the insurer is not admitted to do business is prohibited. Renaissance Reinsurance does not intend to maintain an office or to solicit, advertise, settle claims or conduct other insurance activities in any jurisdiction other than Bermuda where the conduct of such activities would require that Renaissance Reinsurance be so admitted. Glencoe is eligible to write insurance in 29 states and is subject to the regulation and reporting requirements of these states. In accordance with certain requirements of the National Association of Insurance Commissioners (the "NAIC"), Glencoe has established, and is required to maintain, a trust funded with a minimum of $15.0 million as a condition of its status as a licensed, non-admitted insurer in the U.S.

DeSoto is a licensed insurer in Florida and the businesses acquired from Nobel are subject to regulation in all 50 U.S. states and the District of Columbia. The Company's U.S. operations are subject to extensive regulation under statutes which delegate regulatory, supervisory and administrative powers to state insurance commissioners. Such regulation generally is designed to protect policyholders rather than investors, and relates to such matters as the standard of solvency which must be met and maintained; the licensing of insurers and their agents; the nature of and extermination of the affairs of insurance companies, which includes periodic market conduct examinations by the regulatory authorities; annual and other reports, prepared on a statutory accounting basis, required to be filed on the financial condition of insurers or for other purposes; establishment and maintenance of reserves for unearned premiums and losses; and requirements regarding numerous other matters. In general, regulated insurers must file all rates for directly underwritten insurance with the insurance department of each state in which they operate on an admitted basis; however, reinsurance generally is not subject to rate regulation. Further, state insurance statutes typically place limitations on the amount of dividends or other distributions payable by insurance companies in order to protect their solvency. Florida, the jurisdiction of incorporation of DeSoto, requires that dividends be paid only out of earned surplus and limits the annual amount payable without the prior approval of the Florida Insurance Department to the greater of 10% of policyholders' surplus adjusted for unrealized gains or 100% of prior year statutory net income. Texas, the jurisdiction of incorporation of Nobel, currently requires that dividends be paid only out of earned statutory surplus and limits the annual amount of dividends payable without the prior approval of the Texas Insurance Department to the greater of 10% of statutory capital and surplus at the end of the previous calendar year or 100% of statutory net income from operations for the previous calendar year. These laws also impose prior approval requirements for certain transactions with affiliates.

Further, as a result of the Company's ownership of DeSoto and Nobel, under the terms of applicable state statutes, any person or entity desiring to purchase more than 10 percent of the Company's outstanding voting securities is required to obtain prior regulatory approval for the purchase.

The NAIC has established eleven financial ratios to assist state insurance departments in their oversight of the financial condition of insurance companies operating in their respective states. The NAIC calculates these ratios based on information submitted by insurers on an annual basis and shares the information with the applicable state insurance departments. The failure of the Company's U.S. insurance subsidiaries to comply with the acceptable range of such ratios could have an adverse effect on the Company.

In their ongoing effort to improve solvency regulations, the NAIC and individual states have enacted certain laws and statutory financial statement reporting requirements. For example, NAIC rules require audited statutory financial statements as well as actuarial certification of loss and loss adjustment expense reserves therein. Other activities are focused on greater disclosure of an insurer's reliance on reinsurance and changes in its reinsurance programs and stricter rules on accounting for certain overdue reinsurance. In addition, the NAIC has implemented risk-based capital requirements for property and casualty insurance companies (see below). These regulatory initiatives, and the overall focus on solvency, may intensify the restructuring and consolidation of the insurance industry. It is also possible that the U.S. Congress may enact legislation regulating the insurance industry. While the impact of these regulatory efforts on the Company's operations cannot be quantified until enacted, the Company believes it will be adequately positioned to compete in an environment of more stringent regulation.

The NAIC has implemented a risk-based capital measurement formula to be applied to all property/casualty insurance companies, which formula calculates a minimum required statutory net worth based on the underwriting, investment, credit loss reserve and other business risks applicable to the insurance company's operations. An insurance company that does not meet threshold risk-based capital measurement standards could be required to reduce the scope of its operations and ultimately could become subject to statutory receivership proceedings.

The Company's U.S. insurance subsidiaries are subject to guaranty fund laws which can result in assessments, up to prescribed limits, for losses incurred by policyholders as a result of the impairment or insolvency of unaffiliated insurance companies. Typically, an insurance company is subject to the guaranty fund laws of the states in which it conducts insurance business; however, companies which conduct business on a surplus lines basis in a particular state are generally exempt from that state's guaranty fund laws. The Company does not expect the amount of any such guaranty fund assessments to be paid by the Company in 1999 to be material.

The expansion of the Company's operations through Glencoe, DeSoto and Nobel, with the potential further expansion of the Company into additional insurance markets, could expose the Company or subsidiaries of the Company to increasing regulatory oversight. However, the Company intends to continue to conduct its operations so as to minimize the likelihood that RenaissanceRe or Renaissance Reinsurance will become subject to U.S. regulation.

Other Available Information

The Company is subject to the information requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the Commission. For further information regarding the Company, reference is made to such reports, proxy statements and other information which are available as described under "Available Information" and "Incorporation of Certain Documents by Reference."

GLOSSARY OF SELECTED INSURANCE TERMS

Attachment point	The amount of loss (per occurrence or in the aggregate, as the case may be) above which excess of loss reinsurance becomes operative.
Broker	One who negotiates contracts of insurance or reinsurance, receiving a commission for placement and other services rendered, between (1) a policy holder and a primary insurer, on behalf of the insured party, (2) a primary insurer and reinsurer, on behalf of the primary insurer, or (3) a reinsurer and a retrocessionaire, on behalf of the reinsurer.
Catastrophe excess of loss reinsurance	A form of excess of loss reinsurance that, subject to a specified limit, indemnifies the ceding company for the amount of loss in excess of a specified retention with respect to an accumulation of losses resulting from a "catastrophe cover."
Cede; Cedent; Ceding company	When a party reinsures its liability with another, it "cedes" business and is referred to as the "cedent" or "ceding company."
Claim expenses	The expenses of settling claims, including legal and other fees and the portion of general expenses allocated to claim settlement costs.
Claim reserves	Liabilities established by insurers and reinsurers to reflect the estimated cost of claims payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance it has written. Reserves are established for losses and for claim adjustment expenses.
Excess of loss reinsurance	A generic term describing reinsurance that indemnifies the reinsured against all or a specified portion of losses on underlying insurance policies in excess of a specified amount, which is called a "level" or "retention." Also known as non-proportional reinsurance. Excess of loss reinsurance is written in layers. A reinsurer or group of reinsurers accepts a band of coverage up to a specified amount. The total coverage purchased by the cedent is referred to as a "program" and will typically be placed with predetermined reinsurers in pre-negotiated layers. Any liability exceeding the outer limit of the program reverts to the ceding company, which also bears the credit risk of a reinsurer's insolvency.
Funded cover	A form of insurance where the insured pays premiums to a reinsurer to serve essentially as a deposit in order to offset future losses. On a funded cover, there is generally limited or no transfer of risk for catastrophe losses from the insured to the reinsurer.
Generally accepted accounting principles	Accounting principles as set forth in opinions of the Accounting Principles Board of the American Institute of

Certified Public Accountants and/or statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question.

Incurred but not reported — Reserves for estimated losses that have been incurred by insureds and reinsureds but not yet reported to the insurer or reinsurer including unknown future developments on losses which are known to the insurer or reinsurer.

Layer — The interval between the retention or attachment point and the maximum limit of indemnity for which a reinsurer is responsible.

Net premiums written — Gross premiums written for a given period less premiums ceded to reinsurers and retrocessionaires during such period.

Proportional reinsurance — A generic term describing all forms of reinsurance in which the reinsurer shares a proportional part of the original premiums and losses of the reinsured. (Also known as pro rata reinsurance, quota share reinsurance or participating reinsurance.) In proportional reinsurance the reinsurer generally pays the ceding company a ceding commission. The ceding commission generally is based on the ceding company's cost of acquiring the business being reinsured (including commissions, premium taxes, assessments and miscellaneous administrative expense) and also may include a profit factor.

Reinstatement premium — The premium charged for the restoration of the reinsurance limit of a catastrophe contract to its full amount after payment by the reinsurer of losses as a result of an occurrence.

Reinsurance — An arrangement in which an insurance company, the reinsurer, agrees to indemnify another insurance or reinsurance company, the ceding company, against all or a portion of the insurance or reinsurance risks underwritten by the ceding company under one or more policies. Reinsurance can provide a ceding company with several benefits, including a reduction in net liability on individual risks and catastrophe protection from large or multiple losses. Reinsurance also provides a ceding company with additional underwriting capacity by permitting it to accept larger risks and write more business than would be possible without a concomitant increase in capital and surplus, and facilitates the maintenance of acceptable financial ratios by the ceding company. Reinsurance does not legally discharge the primary insurer from its liability with respect to its obligations to the insured.

Retention — The amount or portion of risk that an insurer retains for its own account. Losses in excess of the retention level are paid by the reinsurer. In proportional treaties, the retention may be a percentage of the original policy's limit. In excess of loss business, the retention is a dollar amount of loss, a loss ratio or a percentage.

Retrocessional Reinsurance; Retrocessionaire	A transaction whereby a reinsurer cedes to another reinsurer, the retrocessionaire, all or part of the reinsurance that the first reinsurer has assumed. Retrocessional reinsurance does not legally discharge the ceding reinsurer from its liability with respect to its obligations to the reinsured. Reinsurance companies cede risks to retrocessionaires for reasons similar to those that cause primary insurers to purchase reinsurance: to reduce net liability on individual risks, to protect against catastrophic losses, to stabilize financial ratios and to obtain additional underwriting capacity.
Risk excess of loss reinsurance	A form of excess of loss reinsurance that covers a loss of the reinsured on a single "risk" in excess of its retention level of the type reinsured, rather than to aggregate losses for all covered risks, as does catastrophe excess of loss reinsurance. A "risk" in this context might mean the insurance coverage on one building or a group of buildings or the insurance coverage under a single policy, which the reinsured treats as a single risk.
Statutory accounting principles ("SAP")	Recording transactions and preparing financial statements in accordance with the rules and procedures prescribed or permitted by United States state insurance regulatory authorities including the NAIC, which in general reflect a liquidating, rather than going concern, concept of accounting.
Underwriting	The insurer's or reinsurer's process of reviewing applications submitted for insurance coverage, deciding whether to accept all or part of the coverage requested and determining the applicable premiums.
Underwriting capacity	The maximum amount that an insurance company can underwrite. The limit is generally determined by the company's retained earnings and investment capital. Reinsurance serves to increase a company's underwriting capacity by reducing its exposure from particular risks.
Underwriting expenses	The aggregate of policy acquisition costs, including commissions, and the portion of administrative, general and other expenses attributable to underwriting operations.

Item 2. Properties

The Company leases office space in Bermuda, where its executive offices are located.

Nobel owns a 39,000 square foot building at 8001 LBJ Freeway, Dallas, Texas, which is occupied by the corporate and commercial lines insurance operations. Approximately 10,000 square feet of this building is leased to unrelated tenants. Additionally, Nobel owns a 24,000 square foot building at 6923 North Trenholm Road, Columbia South Carolina, of which approximately 22,300 square feet is occupied by the personal lines insurance operation. Approximately 1,700 square feet of the building is leased to unrelated tenants.

IAS, the Company's claim adjusting operation, leases and occupies approximately 9,423 square feet of office space for its home office and Dallas-based service operation at 1485 Richardson Drive, Richardson, Texas. IAS leases office space for its branch offices located in various cities in the United States.

Item 3. Legal Proceedings

The Company is, from time to time, a party to litigation and arbitration that arises in the normal course of its business operations. While any proceeding contains an element of uncertainty, the Company believes that it is not presently a party to any such litigation or arbitration that would have a material adverse effect on its business or operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the Company's shareholders during the fourth quarter of 1998.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters.

The information with respect to the market for the Common Shares and related shareholder matters is contained under the caption "Financial and Investor Information" on page 50 of the Company's Annual Report to Shareholders for the year ended December 31, 1998 (the "Annual Report") and is incorporated herein by reference thereto in response to this item.

Item 6. Selected Consolidated Financial Data

Selected Consolidated Financial Data is listed on page 14 of the Annual Report and is incorporated herein by reference thereto in response to this item. The selected financial data of the Company should be read in conjunction with the Consolidated Financial Statements of the Company and related Notes thereto contained in the Annual Report and incorporated herein by reference thereto.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information with respect to Management's discussion and analysis of financial condition and results of operations is contained under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 15 through 26 of the Annual Report and is incorporated herein by reference thereto in response to this item.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

The information with regard to Quantitative and Qualitative Disclosures About Market Risk is contained on page 13 of this Form 10-K under the caption "Market sensitive instruments."

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements of the Company are contained on pages 28 through 48 of the Annual Report and are incorporated herein by reference thereto in response to this item. Reference is made to Item 14(a) of this Report for the Schedules to the Consolidated Financial Statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Company.

This information with respect to directors and officers of the Company is contained under the captions "Directors and Executive Officers of the Company" on pages 4 through 6 of the Company's Definitive Proxy Statement in respect of the Annual General Meeting of Shareholders to be held on May 13, 1999 (the "Proxy Statement") and "Proposal 1" on page 23 of the Proxy Statement, and is incorporated herein by reference thereto in response to this item.

Item 11. Executive Compensation

The information with respect to executive compensation is contained under the subcaption "Executive Officer and Director Compensation" on pages 14 through 22 of the Proxy Statement, and is incorporated herein by reference thereto in response to this item.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information with respect to security ownership of certain beneficial owners and Management is contained under the caption "Security Ownership of Certain Beneficial Owners, Management and Directors" on pages 7 through 9 of the Proxy Statement, and is incorporated herein by reference thereto in response to this item.

Item 13. Certain Relationships and Related Transactions

The information with respect to certain relationships and related transactions is contained under the caption "Certain Relationships and Related Transactions" on pages 10 and 11 of the Proxy Statement, and is incorporated herein by reference thereto in response to this item.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

a) Financial Statements and Exhibits.

1 The Consolidated Financial Statements of the Company and related Notes thereto are contained on pages 28 through 48 of the Company's 1998 Annual Report to Shareholders are incorporated herein by reference thereto.

2. The Schedules to the Consolidated Financial Statements of the Company are listed in the accompanying Index to Schedules to Consolidated Financial Statements and are filed as part of this Report.

3. The following exhibits are included in this Report:

3.1 Memorandum of Association.*

3.2 Amended and Restated Bye-Laws.##

3.3 Memorandum of Increase in Share Capital of Company.###

4.1 Specimen Common Share certificate.*

10.1 Investment Management Agreement, dated as of November 1, 1993, between GE Investment Management Incorporated and Renaissance Reinsurance Ltd.*

10.2 RenaissanceRe Holdings Ltd. Restricted Stock Plan.*

10.3 Agreement and Plan of Recapitalization, dated as of March 26, 1995, by and among RenaissanceRe Holdings, Ltd., Renaissance Reinsurance Ltd. and Investors named therein.*

10.4 Third Amended and Restated Employment Agreement, dated as of July 1, 1997, between Renaissance Reinsurance Ltd. and James N. Stanard, amended and restated as of June 3, 1998.##

10.5 Form of Employment Agreement, dated as of June 23, 1997, between Renaissance Reinsurance Ltd. and certain executive officers.#

10.6 Employment Agreement, dated as of February 4, 1998, between Renaissance Reinsurance Ltd. and William I. Riker.####

10.7 Third Amended and Restated Credit Agreement, dated as of December 12, 1996, among RenaissanceRe Holdings Ltd., various financial institutions which are, or may become, parties thereto (the "Lenders"), Fleet National Bank of Connecticut and Mellon Bank, N.A. as Co-Agents, and Bank of America National Trust and Savings Association, as Administrative Agent for the Lenders.+++

10.8 First Amendment to Amended and Restated Credit Agreement, dated as of September 8, 1997, among RenaissanceRe Holdings Ltd., the Lenders named therein, and Bank of America National Trust and Savings Association as Administrative Agent.+

10.9 Second Amendment Agreement, dated as of June 15, 1998, among RenaissanceRe Holdings Ltd., the Lenders identified therein and Bank of America National Trust and Savings Association, as Administrative Agent for the Lenders.##

10.10 Third Amendment Agreement, dated as of December 31, 1998, among RenaissanceRe Holdings Ltd., the Lenders identified therein and Bank of America National Trust and Savings Association, as Administrative Agent for the Lenders.

10.11 Equity Purchase Agreement, dated as of December 13, 1996, by and among RenaissanceRe Holdings Ltd., Warburg, Pincus Investors, L.P., Trustees of General Electric Pension Trust, GE Private Placement Partners I, Limited Partnership and United States Fidelity and Guaranty Company.^

10.12 RenaissanceRe Holdings Ltd. Second Amended and Restated 1993 Stock Incentive Plan.####

10.13 RenaissanceRe Holdings Ltd. Amended and Restated Non-Employee Director Stock Plan.####

10.14 Stock Purchase Agreement, dated December 19, 1997, by and among RenaissanceRe Holdings Ltd. and Renaissance U.S. Holdings, Inc. and Nobel Insurance Limited and Nobel Holdings, Inc.++

10.15 Guaranty Agreement, dated June 23, 1997, between RenaissanceRe Holdings Ltd. and The Bank of America.+

10.16 Amended and Restated Shareholders Agreement, dated as of March 23, 1996, by and among Warburg, Pincus Investors, L.P., Trustees of General Electric Pension Trust, GE Private Placement Partners I, Limited Partnership and United States Fidelity and Guaranty Company.####

10.17 Amended and Restated Registration Rights Agreement, dated as of March 23, 1996, by and among Warburg, Pincus Investors, L.P., PT Investments Inc., GE Private Placement Partners I-Insurance, Limited Partnership and United States Fidelity and Guaranty Company.####

10.18 Amended and Restated Declaration of Trust of RenaissanceRe Capital Trust, dated as of March 7, 1997, among the Company, as Sponsor, The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustees named therein.^^

10.19 Indenture, dated as of March 7, 1997, among the Company, as Sponsor, and The Bank of New York, as Debenture Trustee.^^

10.20 Series A Capital Securities Guarantee Agreement, dated as of March 7, 1997, between the Company and The Bank of New York, as Trustee.^^

10.21 Registration Rights Agreement, dated March 7, 1997, among the Company, the Trust, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Brothers Inc.^^

10.22 Credit Agreement between Renaissance U.S. Holdings Inc. the Lenders named therein, and Bank of America National Trust and Savings Association as Administrative Agent, dated as of June 24, 1998.##

10.23 First Amendment to Credit Agreement between Renaissance U.S. Holdings Inc. the Lenders named therein, and Bank of America National Trust and Savings Association as Administrative Agent, dated as of December 31, 1998.

10.24 Guaranty, dated as of June 24, 1998, among RenaissanceRe Holdings, Ltd., as Guarantor, and Bank of America National Trust & Savings Association.##

13.1 Annual Report to Shareholders of RenaissanceRe Holdings Ltd. for the year ended December 31, 1998 (with the exception of the information incorporated by reference into Items 5, 7, 8 and 14 of this Report, such Annual Report to Shareholders is furnished for the information of the Commission and is not deemed "filed" as part of this Report).

21.1 List of Subsidiaries of the Registrant.

23.1 Consent of Ernst & Young.

27.1 Financial Data Schedule for the Year Ended December 31, 1998.

(b) Reports on Form 8-K

The Company filed no Current Reports on Form 8-K with the Commission during the fourth quarter of 1998.

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*   Incorporated by reference to the Registration Statement on Form S-1 of the Company (Registration No. 33-70008) which was declared effective by the Commission on July 26, 1995.

^   Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on December 16, 1996, relating to an event which occurred on December 31, 1996.

^^   Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on March 19, 1997, relating to certain events which occurred on March 7, 1997.

+   Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, filed with the Commission on October 22, 1997.

++   Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on January 6, 1998, relating to certain events which occurred on December 19, 1997.

+++ Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996, filed with the Commission on March 21, 1997.

A substantially similar form of Employment Agreement has been entered into with each of Messrs. Hynes, Lummis and Eklund.

Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998, filed with the Commission on August 4, 1998.

Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1998, filed with the Commission on May 14, 1998.

Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed with the Commission on March 31, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in Hamilton, Bermuda on March 29, 1999.

RENAISSANCERE HOLDINGS LTD.

/s/ James N. Stanard

James N. Stanard
President, Chief Executive Officer and
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James N. Stanard James N. Stanard	President and Chief Executive Officer and Chairman of the Board of Directors	March 29, 1999
/s/ John M. Lummis John M. Lummis	Senior Vice President and Chief Financial Officer (Principal Accounting Officer)	March 29, 1999
/s/ Arthur S. Bahr Arthur S. Bahr	Director	March 29, 1999
/s/ Thomas A. Cooper Thomas A. Cooper	Director	March 29, 1999
/s/ Edmund B. Greene Edmund B. Greene	Director	March 29, 1999
/s/ Gerald L. Igou Gerald L. Igou	Director	March 29, 1999
/s/ Kewsong Lee Kewsong Lee	Director	March 29, 1999
/s/ Paul J. Liska Paul J. Liska	Director	March 29, 1999
/s/ Lisa J. Marshall Lisa J. Marshall	Director	March 29, 1999
/s/ Howard H. Newman Howard H. Newman	Director	March 29, 1999
/s/ Scott E. Pardee Scott E. Pardee	Director	March 29, 1999
/s/ William I. Riker William I. Riker	Director & Executive Vice President	March 29, 1999

RENAISSANCERE HOLDINGS LTD AND SUBSIDIARIES.

INDEX TO SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

Schedules other than those listed above are omitted for the reason that they are not applicable.

REPORT OF INDEPENDENT AUDITORS ON SCHEDULES

To the Board of Directors and Shareholders
of RenaissanceRe Holdings Ltd.

We have audited the consolidated financial statements of RenaissanceRe Holdings Ltd. and Subsidiaries as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, and have issued our report thereon dated January 26, 1999; such financial statements and our report thereon are incorporated by reference elsewhere in this Annual Report on Form 10-K. Our audits also included the financial statement schedules listed in item 14(a)(2) of this Annual Report on Form 10-K for the year ended December 31, 1998. These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Ernst & Young

Hamilton, Bermuda
January 26, 1999

SCHEDULE I

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

SUMMARY OF INVESTMENTS

OTHER THAN INVESTMENTS IN RELATED PARTIES

(millions of United States dollars)

Type of Investment:	Year Ended December 31, 1998 Amortized Cost	Year Ended December 31, 1998 Market Value	Amount at which shown in the Balance Sheet
Fixed Maturities Available for Sale:			
U.S. Government bonds	$560.0	$564.6	$564.6
U.S. corporates	137.0	137.8	137.8
Non U.S. sovereign government bonds	34.7	30.6	30.6
Non U.S. corporate debt securities	73.2	67.0	67.0
Subtotal	804.9	800.0	800.0
Equity Securities	1.8	1.6	1.6
Short-term investments	25.0	25.0	25.0
Cash and cash equivalents	115.7	115.7	115.7
Total investments, short-term investments, cash and cash equivalents	$947.4	$942.3	$942.3

SCHEDULE III

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

RENAISSANCERE HOLDINGS LTD.
BALANCE SHEETS

(Parent Company)

(thousands of United States dollars, except per share amounts)

	December 31 1998	December 31 1997
ASSETS		
Cash	$ 7,702	$ 41,593
Investments available for sale	80,487	50,753
Investment in subsidiaries	650,515	657,227
Dividend receivable	24,294	7,261
Other assets	4,262	1,749
Total assets	$ 767,260	$ 758,583
LIABILITIES		
Loan payable	$ 50,000	$ 50,000
Minority interest - Company obligated, mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company	100,000	100,000
Other liabilities	5,028	9,880
Total liabilities	155,028	159,880
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common Shares: $1 par value-authorized 225,000,000 shares. Issued and outstanding at December 31, 1998 - 21,645,913 (1997 - 22,440,901)	21,646	22,441
Additional paid-in capital	17,389	52,481
Unearned Stock Grant Compensation	(8,183)	(4,731)
Accumulated other comprehensive income	(5,144)	(10,155)
Retained earnings	586,524	538,667
Total shareholders' equity	612,232	598,703
Total liabilities and shareholders' equity	$ 767,260	$ 758,583

SCHEDULE III (Cont'd.)

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION OF REGISTRANT

RENAISSANCERE HOLDINGS LTD.
STATEMENTS OF INCOME
(Parent Company)

(thousands of United States dollars)

	Year Ended December 31, 1998	Year Ended December 31, 1997	Year Ended December 31, 1996
Income:			
Investment income	$ 1,364	$ 5,723	$ 2,534
Total income	1,364	5,723	2,534
Expenses:			
Amortization of organizational expenses	--	--	168
Interest expense	3,059	4,271	6,553
Corporate expenses	3,317	3,218	2,298
Total expenses	6,376	7,489	9,019
Loss before equity in net income of subsidiaries & taxes	(5,012)	(1,766)	(6,485)
Equity in net income of Renaissance Reinsurance	126,768	146,209	161,855
Equity in net income of Renaissance U.S.	(44,274)	--	--
Equity in net income of Glencoe	6,340	2,421	900
Income before minority interests & taxes	83,822	146,864	156,270
Minority interest - Company obligated, mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company	(8,540)	(6,998)	--
Minority interest - Glencoe	(705)	(617)	(110)
Net income before taxes	74,577	139,249	156,160
Income tax expense	--	--	--
Net income	$ 74,577	$ 139,249	$ 156,160

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION OF REGISTRANT-(Continued)

RENAISSANCERE HOLDINGS LTD.

STATEMENTS OF CASH FLOWS
(Parent Company)
(thousands of United States dollars)

	Year Ended December 31, 1998	Year Ended December 31, 1997	Year Ended December 31, 1996
Cash flows from operating activities:			
Net income	$ 74,577	$ 139,249	$ 156,160
Less equity in net income of subsidiaries	88,129	148,013	162,755
	(13,552)	(8,764)	(6,595)
Adjustments to reconcile net income to net cash provided by operating activities			
Other	2,085	(4,013)	3,630
Net cash applied to operating activities	(11,467)	(12,777)	(2,965)
Cash flows applied to investing activities:			
Contributions to subsidiary	(22,516)	(12,000)	(50,000)
Proceeds from sales of investments	76,770	73,793	40,624
Purchases of investments	(109,295)	(105,223)	(63,440)
Dividends from subsidiary	102,061	124,770	135,629
Purchase of minority interest in subsidiary	--	(5,185)	--
Proceeds from sale of minority interest in subsidiary	--	--	15,126
Net cash provided by (applied to) investing activities	47,020	76,155	77,939
Cash flows from financing activities:			
Proceeds from issuance of Capital Securities	--	100,000	--
Repurchase of Common Shares	(42,724)	(53,458)	(73,460)
Dividend to Common Shareholders	(26,720)	(22,643)	(20,489)
Net proceeds from (repayment of) bank loan	--	(100,000)	50,000
Repayments from (loans to) officers	--	4,104	(868)
Net cash provided by financing activities	(69,444)	(71,997)	(44,817)
Net increase in cash and cash equivalents	(33,891)	(8,619)	30,157
Balance at beginning of year	41,593	50,212	20,055
Balance at end of year	$ 7,702	$ 41,593	$ 50,212

SCHEDULE V

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

SUPPLEMENTARY INSURANCE INFORMATION

(thousands of United States dollars)

	December 31, 1998			Year Ended December 31, 1998					
	Deferred Policy Acquisition Costs	Future Policy Benefits, Losses, Claims and Claims Expenses	Unearned Premiums	Premium Revenue	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Net Premiums Written
Property	$ 10,997	$298,829	$ 94,466	$204,947	$ 52,834	$112,752	$ 26,506	$ 34,525	$195,019

	December 31, 1997			Year Ended December 31, 1997					
	Deferred Policy Acquisition Costs	Future Policy Benefits, Losses, Claims and Claims Expenses	Unearned Premiums	Premium Revenue	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Net Premiums Written
Property	$ 5,739	$110,037	$ 57,008	$211,490	$ 49,573	$ 50,015	$ 25,227	$ 25,131	$195,752

	December 31, 1996			Year Ended December 31, 1996					
	Deferred Policy Acquisition Costs	Future Policy Benefits, Losses, Claims and Claims Expenses	Unearned Premiums	Premium Revenue	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Net Premiums Written
Property	$ 6,819	$105,421	$ 65,617	$252,828	$ 44,280	$ 86,945	$ 26,162	$ 16,731	$251,564

SCHEDULE VI

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

REINSURANCE

(thousands of United States dollars)

	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year ended December 31, 1998					
Property Premiums Written	$ 63,271	$ 75,441	$207,189	$195,019	106%
Year ended December 31, 1997					
Property Premiums Written	$ 7,041	$ 32,535	$221,246	$195,752	113%
Year ended December 31, 1996					
Property Premiums Written	$ 1,552	$ 18,349	$268,361	$251,564	107%

SCHEDULE X

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION CONCERNING

PROPERTY/CASUALTY INSURANCE OPERATIONS

(Expressed in United States Dollars)

(dollars in thousands)

Affiliation with Registrant	Deferred Policy Acquisition Costs	Reserve for Unpaid Claims and Claims Expenses	Discount if any, Deducted	Unearned Premiums	Earned Premiums	Net Investment Income
Consolidated Subsidiaries						
Year ended December 31, 1998	$ 10,997	$298,829	$ --	$ 94,466	$204,947	$ 52,834
Year ended December 31, 1997	$ 5,739	$110,037	$ --	$ 57,008	$211,490	$ 49,573
Year ended December 31, 1996	$ 6,819	$105,421	$ --	$ 65,617	$252,828	$ 44,280

Affiliation with Registrant	Claims and Claims Expense Incurred Related to Current Year	Prior Years	Amortization of Deferred Policy Acquisition Costs	Paid Claims and Claims Expenses	Net Premiums Written
Consolidated Subsidiaries					
Year ended December 31, 1998	$ 96,431	$ 16,321	$ 26,506	$ 80,594	$195,019
Year ended December 31, 1997	$ 50,015	$ 0	$ 25,227	$ 45,399	$195,752
Year ended December 31, 1996	$ 75,118	$ 11,827	$ 26,162	$ 81,969	$251,564

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

EXHIBITS

to

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 1998

RenaissanceRe Holdings Ltd.

a) Financial Statements and Exhibits.

1 The Consolidated Financial Statements of the Company and related Notes thereto are contained on pages 28 through 48 of the Company's 1998 Annual Report to Shareholders are incorporated herein by reference thereto.

2. The Schedules to the Consolidated Financial Statements of the Company are listed in the accompanying Index to Schedules to Consolidated Financial Statements and are filed as part of this Report.

3. The following exhibits are included in this Report:

3.1 Memorandum of Association.*

3.2 Amended and Restated Bye-Laws.##

3.3 Memorandum of Increase in Share Capital of Company.###

4.1 Specimen Common Share certificate.*

10.1 Investment Management Agreement, dated as of November 1, 1993, between GE Investment Management Incorporated and Renaissance Reinsurance Ltd.*

10.2 RenaissanceRe Holdings Ltd. Restricted Stock Plan.*

10.3 Agreement and Plan of Recapitalization, dated as of March 26, 1995, by and among RenaissanceRe Holdings, Ltd., Renaissance Reinsurance Ltd. and Investors named therein.*

10.4 Third Amended and Restated Employment Agreement, dated as of July 1, 1997, between Renaissance Reinsurance Ltd. and James N. Stanard, amended and restated as of June 3, 1998.##

10.5 Form of Employment Agreement, dated as of June 23, 1997, between Renaissance Reinsurance Ltd. and certain executive officers.#

10.6 Employment Agreement, dated as of February 4, 1998, between Renaissance Reinsurance Ltd. and William I. Riker.####

10.7 Third Amended and Restated Credit Agreement, dated as of December 12, 1996, among RenaissanceRe Holdings Ltd., various financial institutions which are, or may become, parties thereto (the "Lenders"), Fleet National Bank of Connecticut and Mellon Bank, N.A. as Co-Agents, and Bank of America National Trust and Savings Association, as Administrative Agent for the Lenders.+++

10.8 First Amendment to Amended and Restated Credit Agreement, dated as of September 8, 1997, among RenaissanceRe Holdings Ltd., the Lenders named therein, and Bank of America National Trust and Savings Association as Administrative Agent.+

10.9 Second Amendment Agreement, dated as of June 15, 1998, among RenaissanceRe Holdings Ltd., the Lenders identified therein and Bank of America National Trust and Savings Association, as Administrative Agent for the Lenders.##

10.10 Third Amendment Agreement, dated as of December 31, 1998, among RenaissanceRe Holdings Ltd., the Lenders identified therein and Bank of America National Trust and Savings Association, as Administrative Agent for the Lenders.

10.11 Equity Purchase Agreement, dated as of December 13, 1996, by and among RenaissanceRe Holdings Ltd., Warburg, Pincus Investors, L.P., Trustees of General Electric Pension Trust, GE Private Placement Partners I, Limited Partnership and United States Fidelity and Guaranty Company.^^

10.12 RenaissanceRe Holdings Ltd. Second Amended and Restated 1993 Stock Incentive Plan.####

10.13 RenaissanceRe Holdings Ltd. Amended and Restated Non-Employee Director Stock Plan.####

10.14 Stock Purchase Agreement, dated December 19, 1997, by and among RenaissanceRe Holdings Ltd. and Renaissance U.S. Holdings, Inc. and Nobel Insurance Limited and Nobel Holdings, Inc.++

10.15 Guaranty Agreement, dated June 23, 1997, between RenaissanceRe Holdings Ltd. and The Bank of America.+

10.16 Amended and Restated Shareholders Agreement, dated as of March 23, 1996, by and among Warburg, Pincus Investors, L.P., Trustees of General Electric Pension Trust, GE Private Placement Partners I, Limited Partnership and United States Fidelity and Guaranty Company.####

10.17 Amended and Restated Registration Rights Agreement, dated as of March 23, 1996, by and among Warburg, Pincus Investors, L.P., PT Investments Inc., GE Private Placement Partners I-Insurance, Limited Partnership and United States Fidelity and Guaranty Company.####

10.18 Amended and Restated Declaration of Trust of RenaissanceRe Capital Trust, dated as of March 7, 1997, among the Company, as Sponsor, The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustees named therein.^^

10.19 Indenture, dated as of March 7, 1997, among the Company, as Sponsor, and The Bank of New York, as Debenture Trustee.^^

10.20 Series A Capital Securities Guarantee Agreement, dated as of March 7, 1997, between the Company and The Bank of New York, as Trustee.^^

10.21 Registration Rights Agreement, dated March 7, 1997, among the Company, the Trust, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Brothers Inc.^^

10.22 Credit Agreement between Renaissance U.S. Holdings Inc. the Lenders named therein, and Bank of America National Trust and Savings Association as Administrative Agent, dated as of June 24, 1998.##

10.23 First Amendment to Credit Agreement between Renaissance U.S. Holdings Inc. the Lenders named therein, and Bank of America National Trust and Savings Association as Administrative Agent, dated as of December 31, 1998.

10.24 Guaranty, dated as of June 24, 1998, among RenaissanceRe Holdings, Ltd., as Guarantor, and Bank of America National Trust & Savings Association.##

13.1 Annual Report to Shareholders of RenaissanceRe Holdings Ltd. for the year ended December 31, 1998 (with the exception of the information incorporated by reference into Items 5, 7, 8 and 14 of this Report, such Annual Report to Shareholders is furnished for the information of the Commission and is not deemed "filed" as part of this Report).

21.1 List of Subsidiaries of the Registrant.

23.1 Consent of Ernst & Young.

27.1 Financial Data Schedule for the Year Ended December 31, 1998.

(b) Reports on Form 8-K

The Company filed no Current Reports on Form 8-K with the Commission during the fourth quarter of 1998.

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* Incorporated by reference to the Registration Statement on Form S-1 of the Company (Registration No. 33-70008) which was declared effective by the Commission on July 26, 1995.

^ Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on December 16, 1996, relating to an event which occurred on December 31, 1996.

^^ Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on March 19, 1997, relating to certain events which occurred on March 7, 1997.

+ Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, filed with the Commission on October 22, 1997.

++ Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on January 6, 1998, relating to certain events which occurred on December 19, 1997.

+++ Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996, filed with the Commission on March 21, 1997.

A substantially similar form of Employment Agreement has been entered into with each of Messrs. Hynes, Lummis and Eklund.

Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998, filed with the Commission on August 4, 1998.

Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1998, filed with the Commission on May 14, 1998.

Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed with the Commission on March 31, 1998.

THIRD AMENDMENT AGREEMENT

THIS THIRD AMENDMENT AGREEMENT (this "Amendment"), dated as of December 31, 1998, is among RENAISSANCERE HOLDINGS LTD. (the "Borrower"), the Lenders listed on the signature pages hereto, and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION as Administrative Agent for the Lenders;

W I T N E S S E T H:

WHEREAS, the parties hereto are parties to that certain Third Amended and Restated Credit Agreement dated as of December 12, 1996, as amended to date (the "Credit Agreement");

WHEREAS, the parties hereto wish to amend the Credit Agreement as hereinafter set forth;

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual agreements herein contained, hereby agree as follows:

Section 1. Credit Agreement Definitions Capitalized terms used herein that are defined in the Credit Agreement shall have the same meaning when used herein unless otherwise defined herein.

Section 2. Amendments To Credit Agreement. Effective on (and subject to the occurrence of) the Third Amendment Effective Date (as defined below), the Credit Agreement shall be amended as follows:

2.1 Amendment to Section 5.8. Section 5.8 of the Credit Agreement is amended in its entirety to read as follows:

> Maintain, and cause each of its Subsidiaries to maintain, all permits, licenses and consents as may be required for the conduct of its business by any federal or local government agency or instrumentality except (x) for such permits, licenses and consents related to assets which are sold in accordance with Section 6.3 or (y) where failure to maintain the same could not reasonably be expected to have a Material Adverse Effect.

2.2 Amendment to Section 5.10. Section 5.10 of the Credit Agreement is amended by inserting the following as the end thereof:

> ; provided further, Renaissance U.S. Holdings Inc. and its Subsidiaries may sell assets as permitted under Section 6.3.

2.3 Amendment to Section 6.3. Section 6.3(b) of the Credit Agreement is amended by inserting the following at the end thereof:

> and (iii) sales of assets by Renaissance U.S. Holdings Inc. and its Subsidiaries, including capital stock of such Subsidiaries, provided no Default or Event of Default has occurred and is continuing.

2.4 Waiver of Section 7.1. The Lenders are aware of the approximately $40,000,000 after tax charge relating to Nobel Insurance Company to be taken in the fourth Fiscal Quarter of 1998, which charge may result in a negative net worth at Nobel and Renaissance U.S. Holdings, Inc. The Lenders waive the Default, if any, under Section 7.1(e)(i) of the Credit Agreement relating to such after tax charge.

Section 3. Representation And Warranties. In order to induce the Lenders and the Administrative Agent to execute and deliver this Amendment, the Borrower hereby represents and warrants to the Lenders and to the Administrative Agent that:

> (a) No Event of Default or Default has occurred and is continuing or will result from the execution and delivery or effectiveness of this Amendment; and
>
> (b) the warranties of the Borrower contained in Article IV of the Credit Agreement are true and correct as of the date hereof, with the same effect as though made on such date; provided that (i) with respect to clause (a) of Section 4.2, the reference to "1995 Fiscal Year" therein shall instead be a reference to "1997 Fiscal Year" and (ii) with respect to clause (a) of Section 4.3, the reference to "December 31, 1996" shall instead be a reference to "December 31, 1997" and the reference to the nine months ended September 30, 1996 shall instead be a reference to "the nine months ended September 30, 1998".

Section 4. Conditions to Effectiveness. The Amendment set forth in Section 2 hereof shall become effective on the date (the "Third Amendment Effective Date") when the Administrative Agent shall have received all of the following, each in form and substance satisfactory to the Administrative Agent:

> (a) eight counterparts of this Amendment executed by the Borrower and the Required Lenders;
>
> (b) a certificate of an authorized officer of the Borrower as to the satisfaction of the conditions set forth in Section 3 of this Amendment; and
>
> (c) such other documents as the Administrative Agent or any Lender may reasonably request.

Section 5. Reaffirmation of Loan Documents. From and after the date hereof, each reference that appears in any other Loan Document to the Credit Agreement shall be deemed to be a reference to the Credit Agreement as amended hereby. As amended hereby, the Credit Agreement, is hereby reaffirmed, approved and confirmed in every respect and shall remain in full force and effect.

Section 6. Counterparts; Effectiveness. This Amendment may be executed by the parties hereto in any number of counterparts and by the different parties 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 agreement.

Section 7. Governing Law; Entire Agreement. This Amendment shall be deemed a contract made under and governed by the laws of the State of Illinois, without giving effect to conflicts of laws principles. This agreement constitutes the entire understanding among the parties hereto with respect to the subject matter hereof and supersedes any prior agreements with respect thereto.

Section 8. Loan Document. This Amendment is a Loan Document.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

RENAISSANCERE HOLDINGS LTD.

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

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, individually and as Administrative Agent

By: /s/ Debra Basler
Title: Assistant Vice President

FLEET NATIONAL BANK

By: /s/ [illegible]
Title: Senior Vice President

MELLON BANK N.A.

By: /s/ [illegible]
Title: Vice President

THE BANK OF N.T. BUTTERFIELD & SON LIMITED

By: /s/ [illegible]
Title: Manager, Corporate Banking

BANK OF MONTREAL

By: Brian L. Banke
Title: Director

DEUTSCHE BANK AG, New York and/or
Cayman Islands Branch

By: /s/ John S. McGill
Title: Vice President

By: /s/ Clinton M. Johnson
Title: Director

BANK OF BERMUDA

By: /s/ Michael E. Collin
Title: Senior Vice President

FIRST UNION NATIONAL BANK

By:
Title:

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of December 31, 1998 (this "Amendment"), amends the Credit Agreement, dated as of June 24, 1998 (the "Credit Agreement"), among RENAISSANCE U.S. HOLDINGS, INC., a Delaware corporation (the "Borrower"), the various financial institutions parties thereto (collectively, the "Lenders") and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Administrative Agent (the "Administrative Agent") for the Lenders. Terms defined in the Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used herein as defined therein.

WHEREAS, the parties hereto have entered into the Credit Agreement, which provides for the Lenders to extend certain credit facilities to the Borrower from time to time; and

WHEREAS, the parties hereto desire to amend the Credit Agreement in certain respects as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

SECTION 1 AMENDMENTS. Effective as of December 31, 1998, the Credit Agreement shall be amended as follows:

SECTION 1.1 Amendment to Section 1.1. Section 1.1 of the Credit Agreement is amended by amending the definition of "Debt Service Coverage Ratio" in its entirety to read as follows:

> Debt Service Coverage Ratio means the ratio of (a) the sum of (i) Available Dividends plus (ii) Consolidated EBITDA plus (iii) cash and cash equivalents consisting of money market instruments or marketable securities which are rated AA- or A-1 or better by Standard & Poor's Rating Group or Aa3 or P-1 or better by Moody's Investors Services, Inc. which securities mature in less than one year on hand at the Guarantor and/or Renaissance Reinsurance Ltd. (provided the cash and cash equivalents at Renaissance Reinsurance Ltd. can be withdrawn without regulatory restrictions) as of the last day of the Computation Period to (b) Future Debt Service.

SECTION 1.2 Amendment to Section 5.8. Section 5.8 of the Credit Agreement is amended in its entirety to read as follows:

> Maintain, and cause each of its Subsidiaries to maintain, all permits, licenses and consents as may be required for the conduct of its business by any federal or local government agency or instrumentality except (x) for such permits, licenses and consents related to assets which are sold in accordance with Section 6.3 or (y) where failure to maintain the same could not reasonably be expected to have a Material Adverse Effect.

SECTION 1.3 Amendment to Section 5.9. Section 5.9 of the Credit Agreement is amended by inserting the following at the end thereof:

> provided further, the Borrower and its Subsidiaries may sell assets as permitted under Section 6.3.

SECTION 1.4 Amendment to Section 6.1. Section 6.1 of the Credit Agreement is amended by deleting the numbers "1.25:1.00" and inserting "4.00:1.00" therefor.

SECTION 1.5 Amendment to Section 6.2. Section 6.2 of the Credit Agreement is restated in its entirety to read as follows:

> Section 6.2 [Intentionally Omitted].

SECTION 1.6 Amendment to Section 6.3. Section 6.3(b) of the Credit Agreement is amended by inserting the following at the end thereof:

> , and (iv) sales of assets, including sales of capital stock of Subsidiaries, provided no Default or Event of Default has occurred and is continuing.

SECTION 1.7 Waiver of Section 7.1. The Lenders are aware of the approximately $40,000,000 after tax charge relating to Nobel to be taken in the fourth Fiscal Quarter of 1998, which charge may result in a negative net worth at Nobel and the Borrower. The Lenders waive the Default, if any, under Section 7.1(e)(i) of the Credit Agreement relating to such after tax charge.

SECTION 2 CONDITIONS PRECEDENT. This Amendment shall become effective when each of the conditions precedent set forth in this Section 2 shall have been satisfied, and notice thereof shall have been given by the Administrative Agent to the Borrower and the Lenders.

SECTION 2.1 Receipt of Documents. The Administrative Agent shall have received all of the following documents duly executed, dated the date hereof or such other date as shall be acceptable to the Administrative Agent, and in form and substance satisfactory to the Administrative Agent:

> (a) Amendment. This Amendment, duly executed by the Borrower, the Administrative Agent and the Required Lenders.
>
> (b) Consent. The Consent (the "Guarantor Consent") of the Guarantor in the form attached hereto.
>
> (c) Certificates. A Certificate of an authorized officer of the Guarantor as to the matters set forth in Section 2.3.

SECTION 2.2 Borrower's Compliance with Warranties, No Default, etc. After giving effect to the effectiveness of this Amendment, the following statements by the Borrower shall be true and correct (and the Borrower, by its execution of this Amendment, hereby represents and warrants to the Administrative Agent and each Lender that such statements are true and correct as at such time):

(a) the representations and warranties set forth in Article IV of the Credit Agreement shall be true and correct as of the date hereof, with the same effect as though made on such date; provided that (i) with respect to clause (a) of Section 4.2, the reference to "March 31, 1998 Quarterly Statement" shall instead be a reference to "September 30, 1998 Quarterly Statement" and (ii) with respect to clause (a) of Section 4.3, the reference to "March 31, 1998" shall be a reference to "September 30, 1998"; and

(b) no Default or Event of Default shall have then occurred and be continuing.

SECTION 2.3 Guarantor's Compliance With Warranties, No Default, etc. After giving effect to the effectiveness of this Amendment, the following statements by the Guarantor shall be true and correct:

(a) The representations and warranties set forth in Article III of the Guaranty shall be true and correct as of the date hereof, with the same effect as though made on such date; and

(b) No Default or Event of Default shall have then occurred and be continuing under the Guaranty.

SECTION 3 REPRESENTATIONS AND WARRANTIES. To induce the Lenders and the Administrative Agent to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and each Lender as follows:

SECTION 3.1 Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrower of this Amendment, and by the Guarantor of the Guarantor Consent are within the Borrower's and the Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not

(a) contravene the Borrower's or the Guarantor's Organization Documents;

(b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting the Borrower or the Guarantor; or

(c) result in, or require the creation or imposition of, any Lien on any of the properties of the Borrower or the Guarantor.

SECTION 3.2 Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower of this Amendment or by the Guarantor of the Guarantor Consent.

SECTION 3.3 Validity, etc. This Amendment constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms.

SECTION 4 MISCELLANEOUS.

SECTION 4.1 Continuing Effectiveness, etc. This Amendment shall be deemed to be an amendment to the Credit Agreement, and the Credit Agreement, as amended hereby, shall remain in full force and effect and is hereby ratified, approved and confirmed in each and every respect. After the effectiveness of this Amendment in accordance with its terms, all references to the Credit Agreement in the Loan Documents or in any other document, instrument, agreement or writing shall be deemed to refer to the Credit Agreement as amended hereby.

SECTION 4.2 Payment of Costs and Expenses. The Borrower agrees to pay on demand all expenses of the Administrative Agent (including the fees and out-of-pocket expenses of counsel to the Administrative Agent who may be employees of the Administrative Agent) in connection with the negotiation, preparation, execution and delivery of this Amendment.

SECTION 4.3 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 4.4 Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provisions hereof.

SECTION 4.5 Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

SECTION 4.6 Governing Law. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS.

SECTION 4.7 Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

RENAISSANCE U.S. HOLDINGS INC.

By: /s/ John M. Lummis

Title: Senior Vice President and Chief Financial Officer

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, individually and as Administrative Agent

By: /s/ Debra Basler
Title: Assistant Vice President

FLEET NATIONAL BANK

By: /s/ [illegible]
Title: Senior Vice President

MELLON BANK N.A.

By: /s/ [illegible]
Title: Vice President

DEUTSCHE BANK AG, NEW YORK AND/OR CAYMAN ISLANDS BRANCH

By: /s/ John S. McGill
Title: Vice President

By: /s/ Clinton M. Johnson
Title: Director

FORM OF
AGREEMENT AND CONSENT

The undersigned hereby agrees and consents to the terms and provisions of the foregoing First Amendment to Credit Agreement, and agrees that the Guaranty executed by the undersigned shall remain in full force and effect notwithstanding the provisions of the foregoing First Amendment to Credit Agreement.

Dated as of: December 31, 1998

RENAISSANCERE HOLDINGS, LTD.

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

SELECTED FINANCIAL DATA

The following summary financial information should be read in conjunction with the Consolidated Financial Statements and the notes thereto presented on pages 28 to 48 in this Annual Report.

(in thousands, except per share data)	1998	1997	1996	1995	1994
Income Statement Data					
Gross premiums written	$ 270,460	$228,287	$269,913	$292,607	$273,481
Net premiums written	195,019	195,752	251,564	289,928	269,954
Net premiums earned	204,947	211,490	252,828	288,886	242,762
Net investment income	52,834	49,573	44,280	32,320	14,942
Total revenues	260,527	254,726	294,959	326,566	261,392
Claims and claim expenses	112,752	50,015	86,945	110,555	114,095
Acquisition and operating expenses	61,031	50,358	42,893	39,734	35,378
Net income	74,577	139,249	156,160	162,786	96,419
Earnings per Common Share - basic	$3.39	$6.19	$6.15	$6.84	$4.24
Earnings per Common Share - diluted	3.33	6.06	6.01	6.75	4.24
Dividends per share	1.20	1.00	0.80	0.16	--
Balance Sheet Data					
Total investments	$ 826,608	$736,538	$603,484	$528,836	$284,493
Cash and cash equivalents	115,701	122,929	198,982	139,163	153,049
Total assets	1,356,164	960,749	904,764	757,060	509,410
Reserve for claims and claim expenses	298,829	110,037	105,421	100,445	63,268
Capital Securities(1)	100,000	100,000	--	--	--
Shareholders' equity	612,232	598,703	546,203	486,336	265,247
Book value per Common Share	$ 28.28	$ 26.68	$ 23.21	$ 18.99	$ 11.79
Operating Ratios					
Claims and claim expense ratio	55.0%	23.7%	34.3%	38.3%	47.0%
Underwriting expense ratio	29.8%	23.8%	17.0%	13.7%	14.6%
Combined ratio	84.8%	47.5%	51.3%	52.0%	61.6%

(1)Represents minority interest - company obligated, mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Results of Operations and Financial Condition

GENERAL

RenaissanceRe Holdings Ltd. ("RenaissanceRe") is a Bermuda based holding company with operating subsidiaries engaged in reinsurance and insurance. RenaissanceRe's principal operating subsidiary, Renaissance Reinsurance Ltd. ("Renaissance Reinsurance") provides property catastrophe reinsurance coverage to insurers and reinsurers, primarily on an excess of loss basis. During 1998, Renaissance Reinsurance wrote $207.2 million of premium and based on gross premiums written, Renaissance Reinsurance is one of the largest providers of this coverage in the world. Excess of loss catastrophe coverage generally provides coverage for claims arising from large natural catastrophes, such as earthquakes and hurricanes, in excess of a specified loss. In connection with the coverage it provides, Renaissance Reinsurance is also exposed to claims arising from other natural and man-made catastrophes such as winter storms, freezes, floods, fires and tornadoes.

RenaissanceRe is continuing to expand its primary insurance business through internal growth and acquisition. In 1996 RenaissanceRe incorporated Glencoe Insurance Ltd. ("Glencoe"). Glencoe provides primary catastrophe-exposed property coverage on an excess and surplus lines basis, and is eligible to write business in 29 states. During 1998, Glencoe wrote $5.6 million of primary insurance premium.

In January 1998, RenaissanceRe began to provide personal lines coverages through DeSoto Insurance Company ("DeSoto"), a wholly owned subsidiary of Glencoe. DeSoto is a special purpose Florida homeowners insurance company that is licensed to assume and renew homeowner policies from the Florida JUA, a state sponsored insurance company. During 1998, DeSoto wrote $26.7 million of primary homeowners insurance coverage.

On June 25, 1998, RenaissanceRe, through it's U.S. holding company, Renaissance U.S. Holdings, Inc. ("Renaissance U.S.") completed its acquisition of the U.S. operating subsidiaries of Nobel Insurance Limited, a Bermuda company ("Nobel Limited"), for $56.1 million. During the fourth quarter of 1998, RenaissanceRe recorded after tax charges of $40.1 million related to Nobel Insurance Company ("Nobel"). As a result of these charges, RenaissanceRe adopted a plan to exit each of Nobel's current businesses. Nobel will continue to operate these business units during the sales process. See Financial Condition - Nobel.

In October 1998, Renaissance Reinsurance of Europe ("Renaissance Europe") was incorporated under the laws of Ireland as a wholly owned subsidiary of Renaissance Reinsurance to provide certain property catastrophe reinsurance coverage in Europe.

On December 31, 1998, RenaissanceRe entered into an agreement to purchase a 10 percent interest in Inter-Ocean Holdings Ltd. Also, effective January 11, 1999, RenaissanceRe entered into a joint venture, Top Layer Re, with State Farm Mutual Automobile Insurance Company ("State Farm") to provide high layer coverage for non-U.S. risks.

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

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SAFE HARBOR DISCLOSURE

In connection with, and because it desires to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions readers regarding certain forward-looking statements in the following discussion and elsewhere in this Annual Report. 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, the Company. In particular, statements using verbs such as "expect", "anticipate", "intends", "believe" or words of similar impact generally involve forward-looking statements.

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

RESULTS OF OPERATIONS

Year Ended December 31, 1998

Compared to Year Ended December 31, 1997

Net operating income, excluding the Nobel fourth quarter $40.1 million after tax charge and excluding realized investment gains and losses, for the year ended December 31, 1998 was $121.5 million compared to $142.1 million for the year ended December 31, 1997. The decrease was primarily related to a decrease in net premiums earned, an increase in net claims and claim expenses and an increase in operating expenses, partially offset by an increase in investment income and an increase in other income. The above factors resulted in a decrease in operating earnings per Common Share to $5.42 for the year ended December 31, 1998 from $6.19 for the year ended December 31, 1997. Earnings, excluding the Nobel charge, but including realized gains and losses on investments, decreased to $114.7 million in 1998 from $139.2 million in 1997.

Including the Nobel charge, net operating income for the year ended December 31, 1998 was $81.5 million compared to $142.1 million for the year ended December 31, 1997. The decrease was primarily due to the fourth quarter Nobel charge. The Nobel charge included after tax amounts of $29.6 million for adverse development on Nobel's casualty and surety books of business, a goodwill write-down of $6.6 million, and other related costs of $3.9 million. Earnings per Common Share decreased to $3.33 per share in 1998, compared with $6.06 in 1997 primarily as a result of the Nobel charge. See Financial Condition - Nobel.

Gross premiums written for the year ended December 31, 1998 increased 18.5 percent to $270.5 million from $228.3 million for the year ended December 31, 1997. The increase resulted from the inclusion of $30.9 million of premiums from Nobel, which was acquired in June 1998, and of $26.7 million of premiums from DeSoto, which began providing coverage in January of 1998. Partially offsetting the growth in the primary insurance premiums was a 6.3 percent decrease in the Company's reinsurance operations from $221.2 million in 1997 to $207.2 million in 1998.

The property catastrophe reinsurance market and the primary insurance market continued to be highly competitive in 1998. Because the property catastrophe reinsurance business has been one of the most profitable segments of the market, it is the focus of much competition, which has resulted in lower premiums measured on a risk-adjusted basis.

The 6.3 percent premium decrease from the Company's reinsurance operations was the result of a 16.4 percent decrease in premiums due to the Company or the cedent not renewing coverage and a 14.0 percent decrease related to changes in pricing, participation levels and coverage on renewed business, partially offset by a 24.1 percent increase in premiums related to new business. The decrease in premiums resulted in part from consolidation of the Company's customers.

During 1998, consistent with its risk management practices and the availability of coverage responsive to the Company's risk profile, the Company increased the level of property catastrophe reinsurance coverage purchased for its own account. Ceded premiums written in the Company's reinsurance operations during 1998 were $47.7 million compared to $31.6 million in 1997. Additionally, the Company's primary operations had ceded written premiums of $27.7 million (1997 - $.9 million). To the extent that appropriately priced coverage is available, the Company anticipates continued use of reinsurance to reduce the potential volatility of its results.

The Company's gross premiums written by geographic region were as follows:

(in thousands)

Year ended December 31,	1998	1997
Geographic Region		
United States - reinsurance	$128,387	$116,676
United States - primary	63,271	7,041
Worldwide	20,584	27,930
Worldwide (excluding U.S.)	26,380	32,005
Europe (including the United Kingdom)	18,532	21,007
Other	9,374	16,738
Australia and New Zealand	3,932	6,890
Total Gross Premiums Written	$270,460	$228,287

The category "Worldwide (excluding U.S.)" consists of contracts that cover more than one geographic region (other than the U.S.). The exposure in this category for gross premiums written to date is predominately from Europe and Japan.

The table below sets forth the Company's combined ratio and components thereof:

Year ended December 31,	1998	1997
Claims and claim expenses	55.0%	23.7%
Underwriting expense ratio	29.8	23.8
Combined ratio	84.8%	47.5%

The Company's combined ratio and components thereof, excluding the Nobel charge, were as follows:

Year ended December 31,	1998	1997
Claims and claim expenses	33.1%	23.7%
Underwriting expense ratio	29.3	23.8
Combined ratio	62.4%	47.5%

This claims ratio does not reflect the benefits of a recovery on a non-indemnity catastrophe index transaction which is included in other income.

In the fourth quarter of 1998, the Company recorded pre tax charges of $45.0 million for claims and claim expenses on the casualty and surety books of business of Nobel. See Financial Condition - Nobel.

Excluding the Nobel charge, the claims and claim expenses

incurred for the year ended December 31, 1998 were $67.8 million, or 33.1 percent of net premiums earned. In comparison, claims and claim expenses incurred for the year ended December 31, 1997 were $50.0 million, or 23.7 percent of net premiums earned. The primary reasons for the increase in the loss ratios are 1) a decrease in the net earned premiums, which is primarily related to an increase in ceded premiums written and 2) the inclusion of the operations of Nobel and DeSoto during 1998, whose loss ratios, based on the nature of those businesses, are normally higher than those of Renaissance Reinsurance.

The year ended December 31, 1998 was the third worst year for insured U.S. catastrophe losses. In comparison, the year ended December 31, 1997 was a relatively light year for natural catastrophe losses. However, largely due to Renaissance Reinsurance's reinsurance protection, the net loss ratio of Renaissance Reinsurance was not significantly impacted by the 1998 catastrophe loss events. Net reinsurance claims for Renaissance Reinsurance in 1998 were $42.4 million, or 25.0 percent of net premiums earned as compared with $49.0 million in 1997 or 23.6 percent of net premiums earned. Gross claims in 1998 included claims on a number of aggregate stop loss and excess of loss contracts, as well as claims related to Hurricane Georges, the January Canadian Freeze, Hurricane Bonnie and additional claims from various U.S. wind, hail, tornado and flood claims. Due to the high severity and low frequency of claims related to the property catastrophe reinsurance business, there can be no assurance that Renaissance Reinsurance will continue to experience this level of net claims in future years.

Excluding the Nobel charge, the Company's primary operations produced a loss ratio of 72.1 percent. Including the Nobel charge, the incurred loss ratio of the primary operations was 200 percent. See Financial Condition - Nobel. In connection with the Company's acquisition of Nobel, Nobel purchased a retroactive reinsurance contract to cover $38 million of adverse loss development on certain prior year casualty reserves. Accounting guidelines require that adverse development of the reserves covered by this contract be reflected in the Company's statement of income at the time of the adjustment. However, the offsetting recovery under the contract is required to be deferred and recognized into income as payments are received from the reinsurer. During 1998, Nobel recognized $27.6 million of adverse development on the business covered by this contract with the offsetting recovery reflected on the balance sheet as a deferred gain. In future years, as payments are received from the reinsurer, the deferred gain will be reflected as a reduction in claims and claim expenses in the Company's statement of income.

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

For both the Company's reinsurance and primary operations, the Company uses statistical and actuarial methods to estimate ultimate expected claims and claim expenses. The period of time from the reporting of a loss to the Company through the settlement of the Company's liability may be several 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 in the overall reserves of the Company, while at other times the Company may affect a reallocation of IBNR reserves to specific case reserves. Reserve estimates are reviewed regularly, and such adjustments, if any, are reflected in results of operations in the period in which they become known and are accounted for as changes in estimates. See Notes 2 and 5 to the Consolidated Financial Statements.

Acquisition and operational expenses, consisting of brokerage commissions, excise taxes and other costs directly related to the underwriting operations of the Company, for the year ended December 31, 1998 were $61.0 million, or 29.8 percent of net premiums earned, compared to $50.4 million, or 23.8 percent for the year ended December 31, 1997. The primary contributors to the increase in underwriting expenses were the inclusion of Nobel and DeSoto, which operate with a greater expense ratio than that of Renaissance Reinsurance. Further, the increased purchase of reinsurance, which in turn reduces net premiums earned, causes acquisition and operational costs to increase as a percentage of net premiums earned.

Net investment income (excluding net realized investment gains and losses) for the year ended December 31, 1998 was $52.8 million, compared to $49.6 million for the year ended December 31, 1997. The increase in investment income resulted primarily from the increase in the amount of invested assets which was primarily the result of cash flows provided by operations and the assets purchased in the Nobel acquisition, partially offset by amounts used to pay dividends, purchase common stock and fund the acquisition of Nobel during the year.

During 1998, the Company reported other income of $9.8 million. The majority of the other income relates to a recovery on a non-indemnity catastrophe index transaction. See Financial Condition - Derivative Instruments.

During 1998, net realized losses were $6.9 million, compared with $2.9 million in 1997. The 1998 losses were primarily generated from the sale of a portion of the Company's emerging market debt securities. See Financial Condition - Investments.

Excluding the Nobel charge, corporate expenses were $4.0 million in 1998, compared with $3.2 million in 1997. The primary increase related to the amortization of goodwill associated with the purchase of Nobel during 1998. Including the Nobel charge, corporate expenses, on a pre tax basis, were $18.9 million, which included a write-down of goodwill of $9.9 million and additional costs and charges related to the expected sale of certain aspects of the Nobel operations of $5.0 million. See Financial Condition - Nobel.

For the year ended December 31, 1998, the Company realized net foreign exchange losses of $0.2 million compared to $3.4 million for the year ended December 31, 1997. The foreign exchange losses recorded in 1997 resulted primarily from the strengthening of the U.S. dollar against the British pound and the German mark.

During the year ended December 31, 1998, the Company recorded expenses of $8.5 million related to the Capital Securities that were issued in March 1997, compared with $7.0 million in 1997. Interest expense for the year ended December 31, 1998 was $4.5 million as compared with $4.3 million for the year ended December 31, 1997.

RESULTS OF OPERATIONS

Year Ended December 31, 1997

Compared to Year Ended December 31, 1996

For the year ended December 31, 1997, net operating income, excluding realized investment gains and losses, available to common shareholders was $142.1 million compared to $159.1 million for the year ended December 31, 1996. The decrease was primarily due to a decrease in gross premiums written, an increase in ceded reinsurance premiums, an increase in operating expenses and an increase in foreign exchange losses, which were partially offset by a decrease in claims and claim expenses incurred and an increase in net investment income. The above factors, combined with a 12 percent decrease in the number of weighted average shares outstanding, as a result of the purchase of Common Shares during late December 1996 and during 1997, resulted in an increase in operating earnings per Common Share on a diluted basis, to $6.19 for the year ended December 31, 1997 from $6.12 for the year ended December 31, 1996. Earnings including realized gains and losses on investments, decreased during 1997 to $139.2 million for the year ended December 31, 1997 from $156.2 million for the same period in 1996.

Gross premiums written for the year ended December 31, 1997 decreased 15.4 percent to $228.3 million from $269.9 million for the year ended December 31, 1996. In 1997, the property catastrophe reinsurance market was highly competitive due to the increased capital in the reinsurance market and the limited opportunities to profitably deploy such capital. The property catastrophe business has been among the most profitable segments of the market, and accordingly it was the focus of much competition which resulted in lower premiums measured on a risk adjusted basis.

The 15.4 percent premium decrease was the result of a 17.4 percent decrease in premiums due to the Company not renewing coverage and a 9.6 percent decrease related to changes in pricing, participation levels and coverage on renewed business, partially offset by an 11.6 percent increase in premiums related to new business. A majority of the decline in premiums written related to reductions in the Company's book of assumed retrocessional premiums which were $59.5 million in 1997 compared to $103.7 million in 1996.

During 1997, consistent with its risk management practices and the availability of coverage responsive to the Company's risk profile, the Company increased the level of property catastrophe reinsurance coverage purchased for its own account. Ceded premiums written in 1997 were $32.5 million compared to $18.3 million in 1996.

Property catastrophe reinsurance premiums accounted for approximately 91 percent of the Company's gross premiums written in 1997. The remaining gross premiums written in

1997 consisted primarily of excess and surplus lines primary premiums written by Glencoe, and premiums on aviation and marine coverages. The Company's gross premiums written by geographic region were as follows:

(in thousands)

Year ended December 31,	1997	1996
Geographic Region		
United States - reinsurance	$116,676	$125,059
United States - primary	7,041	1,552
Worldwide	27,930	44,460
Worldwide (excluding U.S.)	32,005	38,746
Europe (including the United Kingdom)	21,007	31,534
Other	16,738	18,958
Australia and New Zealand	6,890	9,604
Total Gross Premiums Written	$228,287	$269,913

The category "Worldwide (excluding U.S.) consists of contracts that cover more than one geographic region (other than the U.S.). The exposure in this category for gross premiums written to date is predominately from Europe and Japan.

The table below sets forth the Company's combined ratio and components thereof.

Year ended December 31,	1997	1996
Claims and claim expenses	23.7%	34.3%
Underwriting expense ratio	23.8	17.0
Combined ratio	47.5%	51.3%

Claims and claim expenses incurred for the year ended December 31, 1997 were $50.0 million compared to $86.9 million for the year ended December 31, 1996. Compared to historical averages, the year ended December 31, 1997 was a relatively light year for natural catastrophes worldwide. Accordingly, the reduced level of catastrophe losses resulted in a significantly lower loss ratio in 1997 compared to 1996 and therefore positively affected the Company's results from operations.

Included in the claims expenses for the year ended December 31, 1996 were provisions of $15.0 million for claims incurred from Hurricane Fran, $9.3 million for claims incurred related to severe wind and hail storms, $8.3 million for claims related to the Northeast U.S. winter storms, and a provision of $7.0 million for Northwestern U.S. floods. Also, during 1996, there was $12.1 million of development on prior year claims, which primarily related to a $3.2 million development on claims related to the 1994 Northridge Earthquake and a net development of $3.5 million for Hurricanes Luis, Marilyn and Opal which occurred in 1995.

Underwriting expenses, consisting of brokerage commissions, excise taxes and other costs directly related to underwriting, for the year ended December 31, 1997 were $50.4 million or 23.8 percent of net premiums earned, compared to $42.9 million or 17.0 percent for the year ended December 31, 1996. The primary contributors to the increase in underwriting expenses were the increased operating costs related to the hiring of additional professional staff and continued investment in modeling technology. Also, since there was no reduction in acquisition expenses related to the purchase of reinsurance, the purchase of reinsurance caused acquisition costs to be a higher percentage of net premiums earned. Additionally, premiums written by Glencoe, due to the nature of the business, had a higher ratio of acquisition costs.

Net investment income (excluding net realized investment gains and losses) for the year ended December 31, 1997 was $49.6 million, compared to $44.3 million for the year ended December 31, 1996. The increase in investment income resulted primarily from the increase in the amount of invested assets which was primarily the result of cash flows provided by operations, partially offset by amounts used to purchase common stock during 1997. Invested assets at December 31, 1997 were $859.5 million compared to $802.5 million at December 31, 1996.

During each of 1997 and 1996, the Company recorded net realized losses on investments of $2.9 million. Included in the 1997 net realized loss figure was a provision of $3.8 million for what the Company believed to be an other than temporary impairment of certain securities of Asian issuers held by the Company as at December 31, 1997.

During 1997 the Company realized net foreign exchange losses of $3.4 million compared to net realized foreign exchange gains of $0.8 million for the year ended December 31, 1996. The foreign exchange losses recorded in 1997 resulted primarily in the strengthening of the U.S. dollar against the British pound and the German mark. The exchange gains in 1996 resulted primarily in the weakening

of the U.S. dollar against the British pound.

During the year ended December 31, 1997 net income available to common shareholders was reduced by $7.0 million for minority interests related to the Capital Securities that were issued in March 1997. The proceeds from the Capital Securities were utilized to partially reduce the amount outstanding under the Company's Revolving Credit Facility and accordingly, interest expense for the year ended December 31, 1997 decreased to $4.3 million from $6.6 million for the year ended December 31, 1996.

FINANCIAL CONDITION

Liquidity and Capital Requirements

As a holding company, RenaissanceRe relies on investment income, cash dividends and other permitted payments from its subsidiaries to make principal payments, interest payments, cash distributions on outstanding obligations and to pay quarterly dividends, if any, to its shareholders. The payment of dividends by RenaissanceRe's subsidiaries is, under certain circumstances, limited under U.S. statutory regulations and Bermuda insurance law. U.S. statutory regulations and The Bermuda Insurance Act 1978, amendments thereto and related regulations of Bermuda (the "Act"), require RenaissanceRe's Bermuda subsidiaries to maintain certain measures of solvency and liquidity. As at December 31, 1998, the statutory capital and surplus of RenaissanceRe's subsidiaries was $680.5 million, and the amount required to be maintained was $101.0 million. During 1998, Renaissance Reinsurance paid aggregate cash dividends of $102.1 million to RenaissanceRe, compared to $117.5 million in 1997. See Note 17 to the Consolidated Financial Statements.

RenaissanceRe's operating subsidiaries have historically produced sufficient cash flows to meet expected claims payments and operational expenses and to provide dividend payments to RenaissanceRe. RenaissanceRe's subsidiaries also maintain a concentration of investments in high quality liquid securities, which management believes will provide sufficient liquidity to meet extraordinary claims payments should the need arise. Additionally, the Company maintains a credit facility from which $150 million is currently unborrowed and available to meet the liquidity needs of the Company.

Nobel

On June 25, 1998, the Company completed its acquisition of the U.S. operating subsidiaries of Nobel Insurance Limited, a Bermuda company ("Nobel Limited"), for $56.1 million. Between September and December 1998, the Company contributed an additional $9 million of capital to Nobel. As part of the transaction, the Company provided Nobel Limited with a limited recourse loan of $8.9 million to support the liquidation of Nobel Limited. The Company currently estimates that Nobel Limited, after satisfying its liabilities, will have the ability to repay $7.9 million of this loan. The gross assets and gross liabilities purchased in the transaction were $188.1 million and $155.9 million, respectively, thereby resulting in the recognition of $23.9 million of goodwill, which is being amortized on a straight line basis over a 20 year period. The Company has accounted for this acquisition using the purchase method of accounting. The Company issued no shares as part of the purchase.

During the fourth quarter of 1998, the Company recorded an after tax charge of $40.1 million, consisting of $29.6 million of adverse development on Nobel Insurance Company's ("Nobel") casualty and surety books of business, a goodwill write-down of $6.6 million, and other related costs of $3.9 million. As a result of Nobel's operating performance, A.M. Best reduced the credit rating of Nobel from "A-" to "B+" and Nobel is seeking to sell or reinsure the remaining Nobel businesses and reserves, specifically the casualty, surety, low-value dwelling and bail bond businesses. While the Company intends to vigorously pursue a sale, there can be no assurance that the Company will complete these sale transactions and, if sales transactions do occur, there can be no assurance that the Company will receive its estimated fair value of the Nobel businesses. Nobel will continue to operate these business units during the sales process. Subsequent to the sale of the businesses, Renaissance U.S. will retain ownership of Nobel along with its licenses in the 50 states of America.

In conjunction with the fourth quarter charges, Renaissance U.S. has recorded a deferred tax asset of $22.0 million. The Company believes the future operations of Nobel, combined with other operating subsidiaries of Renaissance U.S., will enable it to utilize the net operating loss carry-forward.

In connection with the Nobel acquisition, Renaissance U.S. borrowed $35 million from a syndicate of banks. In addition, the banks have provided a $15 million revolving credit facility which had been fully utilized as of December 31, 1998. RenaissanceRe has guaranteed these arrangements. See Note

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6 to the Consolidated Financial Statements.

Contemporaneously with the Nobel acquisition, Nobel entered into a retroactive reinsurance contract. This contract provides Nobel with $38 million of protection from adverse development on its pre October 1, 1997 casualty book of business. During the third and fourth quarters of 1998, Nobel recognized pre-tax loss development on this book of business of $27.6 million, which is recoverable under this contract. In accordance with SFAS No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts", Nobel must record recoveries on these retroactive reinsurance contracts over the remaining settlement period. Accordingly, although the Company has reflected in its 1998 statement of operations a $27.6 million loss from adverse development on Nobel's pre October 1, 1997 casualty book of business, the Company has also recorded a $27.6 million deferred gain which will be offset against claims and claim expenses incurred in future years consolidated statements of income. The deferred gain will be recognized into income by multiplying the amount of such gain by a fraction, the numerator being the cash recoveries collected from the reinsurers under the contract, and the denominator being the total losses ceded to the contract.

Other Cash Flows

In January 1996, RenaissanceRe capitalized a new subsidiary, Glencoe, with a $50.0 million capital contribution and in June 1996 RenaissanceRe sold a 29.9 percent interest in Glencoe. During 1997 and 1998 the Company repurchased the minority interest and accordingly, Glencoe is currently a wholly owned subsidiary of RenaissanceRe.

Cash flows from operating activities resulted principally from premium and investment income, net of paid losses, acquisition costs and underwriting expenses. Cash flows from operations in 1998 were $102.5 million, compared to $153.3 million in 1997. The 1998 cash flows from operations plus the proceeds from bank loans were used to purchase $42.7 million of the Company's Common Shares, pay aggregate quarterly dividends of $26.7 million and purchase Nobel for $56.1 million. The 1997 cash flows from operations were utilized to purchase $53.5 million of the Company's Common Shares and pay aggregate quarterly dividends of $22.6 million.

The operating results of the Company have generated cash flows from operations in 1998 and 1997 significantly in excess of its commitments. To the extent that capital is not utilized in the Company's reinsurance business, the Company will consider using such capital to invest in new opportunities or will consider returning such capital to its shareholders.

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

Capital Resources

The total capital of the Company as at December 31, 1998 and 1997 was as follows:

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(in thousands)	1998	1997
Revolving Credit Facility - Borrowed	$ 50,000	$ 50,000
Term Loan & Credit Facility	50,000	--
Revolving Credit Facility - Unborrowed	150,000	150,000
Minority interest - Capital Securities	100,000	100,000
Shareholders' equity	612,232	598,703
Total Capital Resources	$962,232	$898,703

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The Company has a $200 million committed revolving credit and term loan agreement with a syndicate of commercial banks. Interest rates on the facility are based on a spread above LIBOR and have averaged 6.12 percent during 1998 (6.07 percent in 1997). The credit agreement contains certain financial covenants including requirements of a consolidated debt to capital ratio of 0.35:1; a consolidated net worth of not less than 125 percent of consolidated debt; and 80 percent of invested assets to be rated BBB- or better. As at December 31, 1998, and 1997, the Company had $50 million outstanding under the facility. Under the terms of the agreement, and if the Company is in compliance with the covenants thereunder, the Company has access to an additional $150 million should the need arise. The Company was in compliance with all the covenants of this revolving credit and term loan agreement as at December 31, 1998.

In conjunction with the purchase of Nobel, Renaissance U.S. has a $35 million term loan and $15 million revolving loan facility with a syndicate of commercial banks. Interest

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rates on the facility are based upon a spread above LIBOR, and averaged 6.03 percent. The Credit Agreement contains certain financial covenants, the primary one being that, RenaissanceRe, being its principal guarantor, maintain a ratio of liquid assets to debt service of 4:1. This five year term loan has mandatory repayment provisions approximating 25 percent in each of years two through five. The Company was in compliance with all the covenants of this term loan and revolving loan facility as at December 31, 1998.

The Capital Securities pay cumulative cash distributions at an annual rate of 8.54 percent, payable semi-annually. The Indenture relating to the Capital Securities contains certain covenants, including a covenant prohibiting the payment of dividends by the Company if the Company shall be in default under the Indenture. The Company was in compliance with all of the covenants of the Indenture at December 31, 1998. The Capital Securities mature on March 1, 2027. Such securities are required to be classified as minority interest, rather than as a component of shareholders' equity of the Company.

Under the terms of certain reinsurance contracts, the Company may be required to provide letters of credit to reinsureds in respect of reported claims and/or unearned premiums. The Company has obtained a facility providing for the issuance of letters of credit. This facility is secured by a lien on a portion of the Company's investment portfolio. At December 31, 1998 the Company had outstanding letters of credit aggregating $42.0 million (1997 $24.7 million). Also in connection with the Top Layer Re investment, the Company has committed $50 million of collateral in the form of a letter of credit.

In order to encourage employee ownership of Common Shares, the Company has guaranteed certain loan and pledge agreements (collectively, the "Employee Credit Facility") between certain employees of the Company (the "Participating Employees") and Bank of America Illinois ("BofA"). Pursuant to the terms of the Employee Credit Facility, BofA has agreed to loan the Participating Employees up to an aggregate of $25 million and the balance outstanding as of December 31, 1998 was $19.1 million. Each loan under the Employee Credit Facility is required to be initially collateralized by the respective Participating Employee with Common Shares or other collateral acceptable to BofA. If the value of the collateral provided by a Participating Employee subsequently decreases, such Participating Employee is required to contribute additional collateral in the amount of such deficiency. Loans under the Employee Credit Facility are otherwise non-recourse to the Participating Employees. Given the level of collateral, the Company does not presently anticipate that it will be required to honor any guarantees under the Employee Credit Facility, although there can be no assurance that the Company will not be so required in the future.

Shareholders' Equity

During 1998, shareholders' equity increased by $13.5 million, from $598.7 million at December 31, 1997, to $612.2 million at December 31, 1998. The significant components of the increase included net income from continuing operations of $74.6 million, a decrease in the unrealized depreciation on investments of $5.0 million and share option and restricted stock movement of $3.3 million partially offset by the payment of dividends of $26.7 million and the purchase of common stock of $42.7 million.

In May 1998, the Company announced a $25 million share repurchase program. An additional $25 million share repurchase program was announced in September 1998. Through December 31, 1998, the Company had repurchased an aggregate of 1,020,670 shares under these programs at a total cost of $42.7 million.

Significant capital transactions during 1997 included:

- On June 23, 1997, in conjunction with a secondary offering for the Company's founding institutional shareholders, the Company purchased and cancelled 700,000 Common Shares at $36.29 per share for an aggregate purchase price of $25.4 million from the Company's founding institutional shareholders or their successors.

- On December 13, 1996, the Board of Directors approved a capital plan, which was comprised of two components. First the Company purchased and cancelled 2,085,361 Common shares at $34.50 per share from its founding institutional investors or their successors for an aggregate purchase price of $71.9 million. Second, on January 22, 1997, the Company completed a fixed price tender offer and purchased and cancelled 813,190 Common Shares from its public shareholders at $34.50 per share for an aggregate purchase price of $28.1 million.

Investments

As of December 31, 1998, the Company held investments and cash totaling $942.3 million with net unrealized depreciation of $5.1 million.

Primarily because of the potential for large claims payments, the Company's investment portfolio is structured to provide a high level of liquidity.

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

(in thousands)	1998	1997
Investments available for sale, at fair value	$799,995	$700,665
Equity securities, at fair value	1,630	26,372
Cash, cash equivalents and short term investments	140,684	132,430
Total Invested Assets	$942,309	$859,467

The growth in the Company's portfolio of invested assets for the year ended December 31, 1998 resulted primarily from net cash provided by operating activities of $102.5 million, partially offset by realized losses generated by the sale of securities from the Company's emerging market debt portfolio. The Company's investment income also increased during this period, largely as a result of the increased size of the fixed income portfolio.

The Company's current investment guidelines call for the invested asset portfolio, including cash and cash equivalents, to have at least an AA rating as measured by Standard & Poor's Ratings Group. At December 31, 1998, the Company's invested asset portfolio had a dollar weighted average rating of AA, an average duration of 2.76 years and an average yield to maturity of 5.45 percent, before investment expenses.

During 1998, the Company reduced it's exposure to emerging market debt securities from $144.5 million at December 31, 1997 to $58.8 million at December 31, 1998. The Company's investment portfolio, specifically the remaining allocation of emerging market debt securities, is subject to the risks of further declines in realizable value. The Company attempts to mitigate this risk through the active management of its portfolio.

Derivative Instruments

The Company has assumed risk through catastrophe and weather linked securities and derivative instruments under which losses could be triggered by an industry loss index or natural parameters. For the year ended December 31, 1998, the Company's activities with respect to these securities has approximated $3 million of fees and risk premiums. To date the Company has not experienced any losses from such securities or derivatives. In the fourth quarter of 1998, the Company recorded a recovery of $7.5 million on a non-indemnity catastrophe index transaction. This amount was included in other income. The Company may in the future utilize other derivative instruments.

MARKET SENSITIVE INSTRUMENTS

In accordance with the Securities and Exchange Commission's Financial Reporting Release No. 48, the Company's investment portfolio includes investments which are subject to changes in market values with changes in interest rates. The aggregate hypothetical loss generated from an immediate adverse parallel shift in the treasury yield curve of 100 basis points would cause a decrease in total return of 3.2 percent, which equates to a decrease in market value of approximately $28 million on a portfolio valued at $877 million at December 31, 1998. An immediate time horizon was used as this presents the worst-case scenario.

CURRENCY

The Company's functional currency is the United States ("U.S.") dollar. The Company writes a substantial portion of its business in currencies other than U.S. dollars and may, from time to time, experience significant exchange gains and losses and incur underwriting losses in currencies other than U.S. dollars, which will in turn affect the Company's financial statements. See Note 2 to the Consolidated Financial Statements.

The Company's foreign currency policy is to hold foreign currency assets, including cash and receivables, that approximate the net monetary foreign currency liabilities, including loss reserves and reinsurance balances payable. All changes in the exchange rates are recognized currently in the Company's statement of income. As a result of the Company's exposure to foreign currency fluctuations, it is anticipated that during periods in which the U.S. dollar appreciates, the Company will likely recognize foreign exchange losses.

EFFECTS OF INFLATION

The potential exists, after a catastrophe loss, for the development of inflationary pressures in a local economy. The anticipated effects on the Company are implicitly considered in the

Company's catastrophe loss models. The effects of inflation are also considered in pricing and in estimating reserves for unpaid claims and claim adjustment expenses. The actual effects of inflation on the results of the Company cannot be accurately known until claims are ultimately settled.

YEAR 2000 READINESS DISCLOSURES

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

Year 2000 - Internal Systems

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

Year 2000 Exposure from Third Parties; Contingency Plan

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

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

Year 2000 Policy Coverage

In addition to the risks and costs associated with its internal systems and third party vendors, the Company continues to evaluate its underwriting risk arising from potential losses associated with Year 2000 failures. Variables which may affect the pervasiveness and severity of Year 2000 problem include, but are not limited to, the magnitude of the amount of costs and expenses directly attributable to Year 2000 failures, the portion of such amount, if any, that constitutes insurable losses, and the extent of governmental intervention. The Company does not believe that Year 2000 losses should be covered under the standard forms of contracts that it provides. However, some Year 2000 related losses may or may not be determined to be covered under standard insurance and reinsurance contracts, depending upon the specific contract language, the applicable case law, and the facts and circumstances of each loss. The Company's Year 2000 initiative seeks to minimize its potential Year 2000 underwriting exposure by (1) performing an underwriting evaluation of potential Year 2000 exposures; (2) non-renewing certain contracts where the Company believes the potential risk from Year 2000 losses is too great, and (3) structuring reinsurance contractual language to mitigate potential exposure. The Company cannot be certain that these steps will adequately minimize its Year 2000 underwriting exposures, and given the potential magnitude of the Year 2000 problem, it is possible, the Company may incur Year 2000 insurance coverage related losses. The Company believes it is taking reasonable and appropriate measures in the course of its business operations and client relationship to mitigate such Year 2000 related exposures.

CURRENT OUTLOOK

As discussed in Note 8 to the Consolidated Financial Statements, and in Financial Condition - Nobel, during the fourth quarter of 1998, Nobel recorded an after tax charge of $40.1 million. As a result of this charge, the Company has decided to sell or reinsure the remaining businesses and reserves of Nobel. Based on the above, it is anticipated that the gross premiums written in 1999 related to Nobel will be substantially lower than the $31 million of gross premiums written in 1998. At this time, there can be no guaranty, that the completion of the sale and reinsurance transactions will occur, and if they do occur, there can be no guaranty that the Company will receive its estimated fair value of the Nobel businesses. Accordingly, the future results of the Company's operations could be adversely affected by a potential write-down of goodwill, a partial write-off of the deferred tax asset and other costs or loss in value which could occur during the transaction process.

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

The Company has entered the primary insurance business, focusing particularly on catastrophe exposed business, with a view to leveraging the risk assessment skills of the core reinsurance business. In addition, the Company will continue to evaluate other new business opportunities, which may be related or unrelated to its current insurance or reinsurance businesses.

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

During recent fiscal years, there has been considerable consolidation among the leading reinsurance brokerage firms; whereby 64.2 percent of the Company's assumed premiums are sourced from five reinsurance brokers. Although there can be no assurance as to how this consolidation may affect the property catastrophe reinsurance business and the business of the Company, the Company believes that its valued relationships with the brokers will minimize any effect on the Company's business.

Also, during recent fiscal years, there has been considerable consolidation among the Company's customers which has been a partial contributor to the reduction of the Company's premiums. Although this consolidation may continue to occur, the Company believes that its financial strength, its position as one of the market leaders in the property catastrophe reinsurance industry and its ability to provide innovative products to the industry will minimize any effect on the Company's business.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS No. 133 is effective for all fiscal years beginning after June 15, 1999. Currently, the Company does not expect the adoption of SFAS No. 133 to have a material impact on its consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the integrity of the consolidated financial statements and other financial information presented in this annual report. The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States, applying certain estimates and judgements as required.

The Company's internal controls are designed so that transactions are authorized and executed in accordance with management's authorization, to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard the assets against unauthorized use or disposition. Such controls are based on established policies and procedures and are implemented by qualified personnel with an appropriate segregation of duties.

Ernst & Young, independent auditors, are retained to audit the Company's consolidated financial statements and express their opinion thereon. Their accompanying report is based on audits conducted in accordance with auditing standards generally accepted in the United States, which includes the consideration of the Company's internal controls and an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. These procedures enable them to obtain a reasonable assurance about whether the financial statements are free of material misstatement and provide a reasonable basis for their opinion.

The Board of Directors exercises its responsibility for these financial statements through its Audit Committee. The Audit Committee meets periodically with the independent auditors, both privately and with management present, to review accounting, auditing, internal controls and financial reporting matters.

/s/ James N. Stanard	/s/ John M. Lummis
James N. Stanard	John M. Lummis
Chairman, President and	Senior Vice President and
Chief Executive Officer	Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
OF RENAISSANCERE HOLDINGS LTD.:

We have audited the accompanying consolidated balance sheets of RenaissanceRe Holdings Ltd. and Subsidiaries as of December 31, 1998 and 1997 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of RenaissanceRe Holdings Ltd. and Subsidiaries as of December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young

Hamilton, Bermuda
January 26, 1999

Consolidated

BALANCE SHEETS

RenaissanceRe Holdings Ltd. and Subsidiaries

At December 31, (in thousands of United States dollars, except per share amounts)	1998	1997
Assets		
Investments and cash		
Fixed maturity investments available for sale, at fair value (Amortized cost $804,968 and $712,946 at December 31, 1998 and 1997, respectively)(Note 3)	$ 799,995	$ 700,665
Equity securities, at fair value (cost $1,801 and $24,229 at December 31, 1998 and 1997, respectively)(Note 3)	1,630	26,372
Short term investments, at cost	24,983	9,501
Cash and cash equivalents	115,701	122,929
Total investments and cash	942,309	859,467
Reinsurance premiums receivable	96,761	56,568
Ceded reinsurance balances	41,370	17,454
Losses and premiums recoverable (Note 4)	200,379	--
Accrued investment income	9,968	12,762
Deferred acquisition costs	10,997	5,739
Other assets	54,380	8,759
Total Assets	$ 1,356,164	$ 960,749
Liabilities, Minority Interests and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses (Note 5)	$ 298,829	$ 110,037
Reserve for unearned premiums	94,466	57,008
Bank loans (Note 6)	100,000	50,000
Reinsurance balances payable	121,658	21,778
Other	28,979	9,541
Total Liabilities	643,932	248,364
Minority interest - Company obligated, mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company (Note 7)	100,000	100,000
Minority interest - Glencoe	--	13,682
Commitments and contingencies (Note 18)		
Shareholders' Equity (Note 9)		
Common Shares: $1 par value-authorized 225,000,000 shares; issued and outstanding at December 31, 1998 - 21,645,913 shares (1997 - 22,440,901 shares)	21,646	22,441
Additional paid-in capital	17,389	52,481
Unearned stock grant compensation (Note 16)	(8,183)	(4,731)
Accumulated other comprehensive income	(5,144)	(10,155)
Retained earnings	586,524	538,667
Total Shareholders' Equity	612,232	598,703
Total Liabilities, Minority Interests and Shareholders' Equity	$ 1,356,164	$ 960,749
Book value per Common Share	$ 28.28	$ 26.68

See accompanying notes to the consolidated financial statements.

Consolidated

STATEMENTS OF INCOME

RenaissanceRe Holdings Ltd. and Subsidiaries

Years Ended December 31,	1998	1997	1996
(in thousands of United States dollars, except per share amounts)			
Revenues			
Gross premiums written	$ 270,460	$ 228,287	$ 269,913
Net premiums written	$ 195,019	$ 195,752	$ 251,564
Decrease in unearned premiums	9,928	15,738	1,264
Net premiums earned	204,947	211,490	252,828
Net investment income (Note 3)	52,834	49,573	44,280
Foreign exchange gains (losses)	(153)	(3,442)	789
Other income	9,789	--	--
Net realized losses on investments (Note 3)	(6,890)	(2,895)	(2,938)
Total Revenues	260,527	254,726	294,959
Expenses			
Claims and claim expenses incurred (Note 5)	112,752	50,015	86,945
Acquisition costs	26,506	25,227	26,162
Operational expenses	34,525	25,131	16,731
Corporate expenses	18,924	3,218	2,298
Interest expense	4,473	4,271	6,553
Total Expenses	197,180	107,862	138,689
Income before minority interests and taxes	63,347	146,864	156,270
Minority interest - Company obligated, mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company (Note 7)	(8,540)	(6,998)	--
Minority interest - Glencoe	(705)	(617)	(110)
Income before taxes	54,102	139,249	156,160
Income tax benefit (Note 13)	20,475	--	--
Net Income Available to Common Shareholders	$ 74,577	$ 139,249	$ 156,160
Earnings per Common Share - basic	$ 3.39	$ 6.19	$ 6.15
Earnings per Common Share - diluted	$ 3.33	$ 6.06	$ 6.01

See accompanying notes to the consolidated financial statements.

Consolidated

STATEMENTS OF SHAREHOLDERS' EQUITY

RenaissanceRe Holdings Ltd. and Subsidiaries

Years Ended December 31, (in thousands of United States dollars)	1998	1997	1996
Common stock			
Balance -- January 1	$ 22,441	$ 23,531	$ 25,605
Exercise of stock options	104	248	11
Net stock grants awarded	122	175	--
Repurchase of shares	(1,021)	(1,513)	(2,085)
Balance -- December 31	21,646	22,441	23,531
Paid-in capital			
Balance -- January 1	52,481	102,902	174,370
Exercise of stock options	769	(3,640)	(93)
Secondary registration costs	--	(1,300)	(515)
Net stock grants awarded	5,842	6,464	--
Repurchase of shares	(41,703)	(51,945)	(70,860)
Balance -- December 31	17,389	52,481	102,902
Unearned stock grant compensation & loans to officers			
Balance -- January 1	(4,731)	(3,868)	(2,728)
Net stock grants awarded	(5,964)	(4,731)	--
Amortization / reduction on loans	2,512	3,868	(1,140)
Balance -- December 31	(8,183)	(4,731)	(3,868)
Accumulated other comprehensive income			
Balance -- January 1	(10,155)	1,577	2,699
Net unrealized gains (losses) on securities, net of adjustment (see disclosure)	5,011	(11,732)	(1,122)
Balance -- December 31	(5,144)	(10,155)	1,577
Retained earnings			
Balance -- January 1	538,667	422,061	286,390
Net income	74,577	139,249	156,160
Dividends paid	(26,720)	(22,643)	(20,489)
Balance -- December 31	586,524	538,667	422,061
Total shareholders' equity	$ 612,232	$ 598,703	$ 546,203
Comprehensive Income			
Net income	$ 74,577	$ 139,249	$ 156,160
Change in comprehensive income	5,011	(11,732)	(1,122)
Comprehensive income	$ 79,588	$ 127,517	$ 155,038
Disclosure Regarding Net Unrealized Gains (Losses)			
Net unrealized holding losses arising during period	$ (1,879)	$ (14,627)	$ (4,060)
Net realized losses included in net income	6,890	2,895	2,938
Net unrealized gains (losses) on securities	$ 5,011	$ (11,732)	$ (1,122)

See accompanying notes to the consolidated financial statements.

Consolidated

STATEMENTS OF CASH FLOWS

RenaissanceRe Holdings Ltd. and Subsidiaries

Years Ended December 31, (in thousands of United States dollars)	1998	1997	1996
Cash Flows Provided by Operating Activities:			
Net income	$ 74,577	$ 139,249	$ 156,160
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	14,488	1,121	296
Realized loss on investments	6,890	2,895	2,938
Reinsurance balances, net	54,187	3,823	16,906
Ceded reinsurance balances	(34,245)	2,328	(17,756)
Accrued investment income	3,572	1,151	938
Reserve for unearned premiums	5,132	(8,610)	5,173
Reserve for claims and claim expenses, net	(8,530)	4,617	4,976
Other, net	(13,579)	6,710	2,197
Net cash provided by operating activities	102,492	153,284	171,828
Cash Flows Applied to Investing Activities:			
Proceeds from maturities and sales of investments	783,735	697,532	317,582
Purchase of investments available for sale	(828,299)	(829,193)	(404,888)
Net sales (purchases) of short-term investments	(2,189)	--	4,988
Purchase of equities	--	(81,452)	--
Proceeds from sale of equities	30,550	57,958	--
Purchase of minority interest in Glencoe	(15,204)	(5,185)	--
Proceeds from sale of minority interest in Glencoe	--	3,000	15,126
Net cash applied to investing activities	(31,407)	(157,340)	(67,192)
Cash Flows Applied to Financing Activities:			
Purchase of Common Shares	(42,724)	(53,458)	(73,460)
Net proceeds from (repayment of) bank loan	50,000	(100,000)	50,000
Acquisition of subsidiary, net of cash acquired	(58,869)	--	--
Proceeds from issuance of Capital Securities	--	100,000	--
Dividends paid	(26,720)	(22,643)	(20,489)
Repayments from (loans to) officers	--	4,104	(868)
Net cash applied to financing activities	(78,313)	(71,997)	(44,817)
Net Increase (Decrease) in Cash and Cash Equivalents	(7,228)	(76,053)	59,819
Cash and Cash Equivalents, Beginning of Year	122,929	198,982	139,163
Cash and Cash Equivalents, End of Year	$ 115,701	$ 122,929	$ 198,982

See accompanying notes to the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(amounts in tables in thousands of dollars, except per share amounts)

Note 1. Organization

- - --

RenaissanceRe Holdings Ltd. ("RenaissanceRe"), was formed under the laws of Bermuda on June 7, 1993 and serves as the holding company for its subsidiaries, Renaissance Reinsurance Ltd., ("Renaissance Reinsurance"), Glencoe Insurance Ltd., ("Glencoe"), Renaissance U.S. Holdings, Inc. ("Renaissance U.S.") and RenaissanceRe Capital Trust (the "Trust"). Renaissance Reinsurance commenced underwriting operations on June 15, 1993 and provides property catastrophe and reinsurance coverage to insurers and reinsurers on a worldwide basis. Glencoe commenced insurance underwriting operations on January 2, 1996 and provides catastrophe exposed property coverage on an insurance and reinsurance basis.

In January 1998, the Company began to provide personal lines coverages through DeSoto Insurance Company ("DeSoto"), a wholly owned subsidiary of Glencoe. DeSoto is a special purpose Florida homeowners insurance company that is licensed to assume and renew homeowners policies from the Florida Joint Underwriting Association, a state sponsored insurance company.

On June 25, 1998, Renaissance U.S. completed its acquisition of the U.S. operating subsidiaries of Nobel Insurance Limited, a Bermuda company ("Nobel Limited"), for $56.1 million. See Note 8.

In October 1998, Renaissance Reinsurance of Europe ("Renaissance Europe") was incorporated under the laws of Ireland as a wholly owned subsidiary of Renaissance Reinsurance to provide certain property catastrophe reinsurance coverage in Europe.

Note 2. Significant Accounting Policies

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Basis of presentation

The consolidated financial statements have been prepared on the basis of United States generally accepted accounting principles ("GAAP") and include the accounts of RenaissanceRe and its subsidiaries, which are collectively referred to herein as the "Company". All intercompany transactions and balances have been eliminated on consolidation. Minority interests represent the interests of external parties in respect of net income and shareholders' equity of Glencoe and the Trust (See Note 7). Certain comparative information has been reclassified to conform with the current year presentation.

Use of estimates in financial statements

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Premiums and related expenses

Premiums are recognized as income, net of any applicable retrocessional coverage, over the terms of the related contracts and policies. Premiums written are based on policy and contract terms and include estimates based on information received from both insureds and ceding companies. Subsequent differences arising on such estimates are recorded in the period in which they are determined. Reserve for unearned premiums represents the portion of premiums written that relate to the unexpired terms of contracts and policies in force. Such reserves are computed by pro-rata methods based on statistical data or reports received from ceding companies.

Acquisition costs, consisting principally of commissions and brokerage expenses incurred at the time a contract or policy is issued, are deferred and amortized over the period in which the related premiums are earned. Deferred policy acquisition costs are limited to their estimated realizable value based on the related unearned premiums. Anticipated claims and claim expenses, based on historical and current experience, and anticipated investment income related to those premiums are considered in determining the recoverability of deferred acquisition costs.

Reinsurance

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policies. The Company evaluates the financial condition of its reinsurers through internal evaluation by senior management. For retroactive reinsurance contracts, the amount by which liabilities associated with the reinsured policies exceed the amount paid for reinsurance coverage is deferred and amortized into income using the recovery method.

Claims and claim expenses

The reserve for claims and claim expenses includes estimates for unpaid claims and claim expenses on reported losses as well as an estimate of losses incurred but not reported. The reserve is based on individual claims, case reserves, and other reserve estimates reported by insureds and ceding companies as well as management estimates of ultimate losses. Inherent in the estimates of ultimate losses are expected trends in claim severity and frequency and other factors which could vary significantly as claims are settled. Accordingly, ultimate losses may vary materially from the amounts provided in the consolidated financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in the consolidated statement of income in the period in which they become known and are accounted for as changes in estimates.

Investments and cash

Investments are considered available for sale and are reported at fair value. The net unrealized appreciation or depreciation on investments is included in accumulated other comprehensive income. Investment transactions are recorded on the trade date with balances pending settlement reflected in the balance sheet as a component of other assets.

Realized gains or losses on the sale of investments are determined on the basis of the specific identification method and include adjustments to the net realizable value of investments for declines in value that are considered to be other-than-temporary. Net investment income includes interest and dividend income together with amortization of market premiums and discounts and is net of investment management and custody fees. The amortization of premium and accretion of discount for fixed maturity securities is computed utilizing the interest method. The effective yield utilized in the interest method is adjusted when sufficient information exists to estimate the probability and timing of prepayments. Fair values of investments are based on quoted market prices, or when such prices are not available, by reference to broker or underwriter bid indications.

Short term investments, which have a maturity of one year or less when purchased, are carried at cost which approximates fair value. For the purposes of the statements of cash flows, cash equivalents include money market instruments with a maturity of ninety days or less when purchased.

Goodwill

The Company amortizes goodwill recorded in connection with its business combinations on a straight-line basis over the expected recovery period, principally twenty years. Goodwill is periodically reviewed for impairment and amounts deemed unrecoverable are adjusted accordingly. Goodwill is included in other assets on the consolidated balance sheet and is expensed through corporate expenses in the consolidated statement of income.

Earnings per share

Basic earnings per share is based on weighted average common shares and excludes any dilutive effects of options and restricted stock. Diluted earnings per share assumes the exercise of all dilutive stock options and restricted stock grants. See Note 10.

Foreign exchange

The Company's functional currency is the United States dollar. Revenues and expenses denominated in foreign currencies are translated at the prevailing exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date, which may result in the recognition of exchange gains or losses which are included in the determination of net income.

Stock incentive compensation plans

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations in accounting for its employee stock options. The alternative fair value accounting provided for under SFAS No. 123 requires the use of option valuation models that were not necessarily developed for use in valuing employee stock options. It is the opinion of management that disclosure of the pro-forma impact of fair values provides a more relevant and informative presentation of the impact of stock options issued to employees than financial statement recognition of such amounts. Under APB 25, the Company recognizes compensation expense for stock option grants to the extent that the fair value of the stock exceeds the stock option exercise price at the measurement date.

Taxation

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is established for any portion of a deferred tax asset that management believes will not be realized.

New accounting pronouncements

As of January 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 requires an enterprise to (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately in the equity section of a statement of financial position. SFAS No. 130 requires net unrealized appreciation (depreciation) on the Company's available for sale investments, which were previously reported separately in shareholders' equity, to be included in other comprehensive income. Prior year financial statements have been reclassified to conform to the 1998 presentation. The adoption of this accounting statement had no financial impact on the Company's net income or shareholders' equity. Currently, other than the net unrealized loss on the Company's investments available for sale, there are no other Company balances which are required to be included as a component of other comprehensive income.

In 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" which revises disclosure requirements about operating segments and establishes standards for related disclosures about geographic areas and major customers. SFAS No. 131 requires that public business enterprises report financial and descriptive information about their reportable operating segments. The Company's reportable operating segments are the reinsurance and primary insurance segments. The statement requires presentation of prior year comparative information.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS No. 133 is effective for all fiscal years beginning after June 15, 1999. Currently, the Company does not expect the adoption of SFAS No. 133 to have a material impact on its consolidated financial statements.

Note 3. Investments

The amortized cost, fair value and related unrealized gains and losses on fixed maturity investments are as follows:

December 31, 1998	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government bonds	$560,068	$5,183	$ (641)	$564,610
Non-U.S. government bonds	34,694	--	(4,067)	30,627
Non-U.S. corporate bonds	73,192	1,822	(8,044)	66,970
U.S. corporate bonds	137,014	1,599	(825)	137,788
	$804,968	$8,604	$(13,577)	$799,995

December 31, 1997	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government bonds	$248,287	$ 15	$ (18)	$248,284
Non-U.S. government bonds	263,463	1,892	(8,512)	256,843
Non-U.S. corporate bonds	194,320	1,808	(7,513)	188,615
Non-U.S. mortgage-backed securities	6,876	47	--	6,923
	$712,946	$3,762	$(16,043)	$700,665

The gross unrealized gains and losses on equity securities were as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities, December 31, 1998	$ 1,801	$ --	$ (171)	$ 1,630
Equity securities, December 31, 1997	$ 24,229	$ 3,777	$ (1,634)	$ 26,372

Contractual maturities of fixed maturity securities are shown below. 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.

December 31, 1998	Amortized Cost	Fair Value
Due within one year	$192,392	$193,680
Due after one through five years	393,213	393,750
Due after five through ten years	123,355	121,388
Due after ten years	96,008	91,177
	$804,968	$799,995

The following table summarizes the composition of the fair value of the fixed maturity portfolio by ratings assigned by rating agencies (e.g. Standard & Poor's Corporation) or, with respect to non-rated issues, as estimated by the Company's investment managers.

At December 31,	1998	1997
AAA	70.9%	56.9%
AA	4.3	12.2
A	9.2	14.9
BBB	3.7	5.0
BB	5.2	4.9
B	2.2	6.1
NR	4.5	--
	100.0%	100.0%

Investment income

The components of net investment income are as follows:

Year Ended December 31,	1998	1997	1996
Fixed maturities	$45,392	$42,183	$36,335
Short term investments	2,354	--	53
Cash and cash equivalents	6,831	9,338	9,460
	54,577	51,521	45,848
Investment expenses	1,743	1,948	1,568
Net investment income	$52,834	$49,573	$44,280

The analysis of realized gains (losses) and the change in unrealized gains (losses) on investments is as follows:

Year Ended December 31,	1998	1997	1996
Gross realized gains	$ 13,192	$ 4,741	$ 1,240
Gross realized losses	(20,082)	(7,636)	(4,178)
Net realized losses on investments	(6,890)	(2,895)	(2,938)
Unrealized gains (losses)	5,011	(11,732)	(1,122)
Total realized and unrealized losses on investments	$ (1,879)	$(14,627)	$ (4,060)

Proceeds from maturities and sales of fixed maturity investments were $783.7 million, $697.5 million and $317.6 million for the years ended December 31, 1998, 1997 and 1996, respectively. Proceeds from the sales of equity securities were $30.5 million and $58.0 million for the years ended December 31, 1998 and 1997.

At December, 31 1998 and 1997 approximately $21.0 million and $15.0 million, respectively, of cash and investments at fair value were on deposit with various regulatory authorities as required by law.

Derivative Instruments

The Company has assumed and ceded risk through catastrophe and weather linked securities and derivative instruments under which losses or recoveries are triggered by an industry loss index or geological or physical variables. Net related fees and risk premiums assumed and ceded are not material to the Company's operations. During 1998, the Company recognized a gain on a non-indemnity catastrophe index transaction of $7.5 million which is included as a component of other income.

NOTE 4. CEDED REINSURANCE

The Company utilizes reinsurance to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses from reinsurers in excess of various retentions and loss warranties. The Company would remain liable to the extent that any reinsurance company fails to meet its obligations . The earned reinsurance premiums ceded were $68.1 million, $25.1 million and $12.9 million for 1998, 1997 and 1996, respectively.

Other than loss recoveries, certain of the Company's ceded reinsurance contracts also provide for recoveries of additional premiums, reinstatement premiums and lost no claims bonuses which are incurred when losses are ceded to these reinsurance contracts. Total recoveries netted against premiums and claims and claim expenses incurred for the year ended December 31, 1998 were $110.1 million.

Included in losses and premiums recoverable are recoverables of $79.4 million related to retroactive reinsurance agreements. In accordance with SFAS No. 113 "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts", adverse development related to these retroactive reinsurance contracts is required to be included in claims and claim expenses incurred as it becomes known. However, the offsetting recoverable is deferred and reflected in the statement of income based on the recovery method. As of December 31, 1998, the Company has deferred $27.6 million of recoveries related to retroactive reinsurance contracts. This has been included in reinsurance balances payable on the consolidated balance sheet. In future years, as the amounts are recovered, the recoveries will offset claims and claim expenses incurred in the consolidated statement of income.

NOTE 5. RESERVE FOR CLAIMS AND CLAIM EXPENSES

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

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

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

Year Ended December 31,	1998	1997	1996
Reserves as of January 1	$110,037	$105,421	$100,445
Net reserves assumed in respect of acquired company	55,317	--	--
Net incurred related to:			
Current year	96,431	50,015	75,118
Prior years	16,321	--	11,827
Total net incurred	112,752	50,015	86,945
Net paid related to:			
Current year	49,671	3,740	26,415
Prior years	30,923	41,659	55,554
Total net paid	80,594	45,399	81,969
Total net reserves as of December 31	197,512	110,037	105,421
Losses recoverable as of December 31	101,317	--	--
Total gross reserves as of December 31	$298,829	$110,037	$105,421

The prior year development in 1998 was due primarily to adverse development in the Nobel Insurance Company ("Nobel") surety and casualty losses partially offset by favorable development on property catastrophe reserves for 1997 and prior years. The Company had no development of prior year reserves in 1997. During 1996, the Company incurred $11.8 million of claims and claim expenses for 1995 and prior periods primarily as a result of reserve increases for claims related to the Northridge, California earthquake and a retrocessional quota share contract. The additional development on both of these claims was partially offset by additional premiums received under the reinsured contracts. The Company's total gross reserve for incurred but not reported claims was $135.4 million as of December 31, 1998 (1997- $66.5 million).

NOTE 6. BANK LOANS

The Company has a $200 million committed revolving credit and term loan agreement with a syndicate of commercial banks. Interest rates on the facility are based on a spread above LIBOR and have averaged 6.12 percent during 1998 (6.07 percent in 1997). The credit agreement contains certain financial covenants including requirements of a consolidated debt to capital ratio of 0.35:1; a consolidated net worth of not less than 125 percent of consolidated debt; and 80 percent of invested assets to be rated BBB- or better. As at December 31, 1998, and 1997, the Company had $50 million outstanding under the facility. Under the terms of the agreement, and if the Company is in compliance with the covenants thereunder, the Company has access to an additional $150 million should the need arise. The Company was in compliance with all the covenants of this revolving credit and term loan agreement as at December 31, 1998.

In conjunction with the purchase of Nobel, Renaissance U.S. has a $35 million term loan and $15 million revolving loan facility with a syndicate of commercial banks. Interest rates on the facility are based upon a spread above LIBOR, and averaged 6.03 percent during 1998. The Credit Agreement contains certain financial covenants, the primary one being that, RenaissanceRe, being its principal guarantor, maintain a ratio of liquid assets to debt service of 4:1. This five year term loan has mandatory repayment provisions approximating 25 percent in each of years two through five. The Company was in compliance with all the covenants of this term loan and revolving loan facility as at December 31, 1998.

Interest payments on the above loans totaled $4.4 million, $4.6 million and $6.9 million for the years ended December 31, 1998, 1997 and 1996, respectively. Fair value of bank loans approximate the carrying values, because such loans reprice frequently.

NOTE 7. CAPITAL SECURITIES

On March 7, 1997 the Company issued $100 million of "Company Obligated, Mandatorily Redeemable Capital Securities of a Subsidiary Trust holding solely $103,092,783 of the Company's 8.54 percent Junior Subordinated Debentures due March 1, 2027" ("Capital Securities") issued by the Trust. The Capital Securities pay cumulative cash distributions at an annual rate of 8.54 percent, payable semi-annually. Proceeds from the offering were used to repay a portion of the Company's outstanding indebtedness. Effective September 11, 1997 the Trust exchanged the Capital Securities for substantially the same securities registered under the Securities Act of 1933. The Trust is a wholly owned subsidiary of the Company and is consolidated into the Company's consolidated financial statements. The Capital Securities and the related accrued dividends, are reflected in the consolidated financial statements as a minority interest.

NOTE 8. ACQUISITION

On June 25, 1998, the Company completed its acquisition of the U.S. operating subsidiaries of Nobel Limited, for $56.1 million. The Company also provided Nobel Limited with a limited recourse loan of $8.9 million to support the liquidation of Nobel Limited. The Company currently estimates that Nobel Limited, after satisfying its liabilities, will have the ability to repay $7.9 million of this loan, which is reflected in other assets. The gross assets and gross liabilities purchased in the transaction were $188.1 million and $155.9 million, respectively, thereby resulting in the recognition of $23.9 million of goodwill (subsequently written down to $14.0 million due to the fourth quarter charge described below). The Company issued no shares as part of the purchase and has accounted for this acquisition using the purchase method of accounting. The Company partially financed the acquisition with bank debt. See Note 6.

During the fourth quarter of 1998, the Company recorded an after tax charge of $40.1 million, consisting of $29.6 million of adverse development on Nobel Insurance Company's ("Nobel") casualty and surety books of business, a goodwill write-down of $6.6 million, and other related costs of $3.9 million. As a result of these charges, the Company concluded that it was in the best interest of shareholders to sell or reinsure the remaining Nobel businesses and reserves, specifically the casualty, surety, low-value dwelling and bail bond businesses. Nobel will continue to operate these business units during the sales process. Subsequent to the sale of the remaining businesses, Renaissance U.S will retain ownership of Nobel along with its licenses in the 50 states of America.

In conjunction with the fourth quarter charges, Renaissance U.S. has recorded a deferred tax asset of $22.0 million, which is reflected in other assets on the consolidated balance sheet. The Company believes the future operations of Nobel, combined with other operating subsidiaries of Renaissance U.S., will enable it to utilize the net operating loss carry-forward.

Contemporaneously with the Nobel acquisition, Nobel entered into a retroactive reinsurance contract. This contract provides Nobel with $38 million of protection from adverse development on its pre October 1, 1997 casualty book of business. See Note 4.

NOTE 9. SHAREHOLDERS' EQUITY

On May 5, 1998, the shareholders voted to increase the authorized capital to an aggregate of 325,000,000 shares consisting of 225,000,000 Common Shares and 100,000,000 Preference Shares. The Company's 225,000,000 authorized $1.00 par value Common Shares consist of three separate series with differing voting rights as follows:

December 31, 1998	Authorized	Issued and Outstanding
Full Voting Common Shares (the Common Shares) (includes all shares registered and available to the public)	206,570,583	18,879,196
Diluted Voting Class I Common Shares (the Diluted Voting I Shares)	16,789,776	2,448,504
Diluted Voting Class II Common Shares (the Diluted Voting II Shares)	1,639,641	318,213
	225,000,000	21,645,913

The Diluted Voting I Shares and the Diluted Voting II Shares (together the Diluted Voting Shares) were authorized at a special general meeting of shareholders on December 23, 1996 and subsequent to the authorization, affiliates of General Electric Investment Corporation exchanged 5.7 million Common Shares for 4.2 million Diluted Voting I Shares and 1.5 million Diluted Voting II Shares, and as such are the sole holders of such diluted voting securities.

The Diluted Voting Shareholders vote together with the common shareholders. The Diluted Voting I Shares are limited to a fixed voting interest in the Company of up to 9.9 percent on most corporate matters. Each Diluted Voting II Share has a one-third vote on most corporate matters. The Diluted Voting Shareholders are entitled to the same rights, including receipt of dividends and the right to vote on certain significant corporate matters, and are subject to the same restrictions as the common shareholders. The Company currently does not intend to register or list the Diluted Voting Shares on the New York Stock Exchange.

In May and September of 1998 the Company announced share repurchase programs of $25 million each. For the year ended December 31, 1998 the Company repurchased a total of 1,020,670 Common Shares of the Company for an aggregate price of $42.7 million.

On June 23, 1997, concurrent with a secondary offering, the Company purchased for cancellation 700,000 Common Shares at $36.29 per share for an aggregate price of $25.4 million from the Company's founding institutional shareholders or their successors.

On December 13, 1996, the Board of Directors approved a capital plan which was comprised of two components. First, the Company purchased 2,085,361 Common Shares at $34.50 per share for an aggregate price of $71.9 million on a pro-rata basis from its founding institutional investors. Second, on January 22, 1997 the Company completed a fixed price tender offer for 813,190 Common Shares at $34.50 per share for an aggregate price of $28.1 million.

In November 1997, June 1997 and February 1996, the Company paid for the costs of secondary offerings of the Company's Common Shares sold by the founding institutional investors. The Company incurred costs of $0.6, $0.7 and $0.5 million, respectively, with respect to the registrations which are reflected as a reduction to additional paid-in capital on the consolidated balance sheet.

NOTE 10. EARNINGS PER SHARE

As of December 31, 1997, the Company adopted SFAS No. 128, "Earnings per Share." The numerator in both the Company's basic and diluted earnings per share calculations is identical. The following table sets forth the reconciliation of the denominator from basic to diluted weighted average shares outstanding (in thousands of per share amounts):

Year Ended December 31,	1998	1997	1996
Weighted average shares - basic	22,021	22,496	25,388
Per share equivalents of employee stock options and restricted shares	407	471	607
Weighted average shares - diluted	22,428	22,967	25,995

NOTE 11. RELATED PARTY TRANSACTIONS AND MAJOR CUSTOMERS

The Company has in force several treaties with subsidiaries of The St. Paul Companies, and affiliates of General Electric Investments ("GEI") covering property catastrophe risks in several geographic regions. The terms of these treaties were determined in arms length negotiations and the Company believes that such terms are comparable to terms the Company would expect to negotiate in similar transactions with unrelated parties. For the years ended December 31, 1998, 1997 and 1996, the Company received $13.7 million, $19.2 million and $27.9 million in reinsurance premiums and deposits related to these treaties, respectively.

The Company currently has in place an investment advisory agreement with GE Investment Management, an affiliate of GEI. GE Investment Management currently manages 68.1 percent of the Company's investment portfolio, subject to the Company's investment guidelines. The terms of the investment advisory agreement was determined in arms length negotiations. The performance of, and the fees paid to GE Investment Management are reviewed periodically by the Board. Such fees paid to related party investment advisors aggregated to $0.4 million, $1.2 million and $1.1 million for the years ended December 31, 1998, 1997 and 1996, respectively.

During the years ended December 31, 1998, 1997 and 1996, the Company received 64.2%, 70.1%, and 58.5%, respectively, of its premium assumed from its five largest reinsurance brokers. Subsidiaries and affiliates of E. W. Blanch & Co., J&H Marsh & McLennan, Inc., AON Re Group, Herbert Clough Inc., and Bates Turner L.L.C. (a GE Capital Services Company, an affiliate of GEI) accounted for approximately 23.2%, 18.8%, 12.6%, 5.4% and 4.2%, respectively, of the Company's premiums written in 1998.

NOTE 12. DIVIDENDS

During 1998, four regular quarterly dividends of $0.30 per share were paid to shareholders of record as of February 18, May 20, August 19, and November 19. During 1997, four regular quarterly dividends of $0.25 per share were paid to shareholders of record as of February 19, May 22, August 20, and November 20. During 1996, four regular quarterly dividends of $0.20 per share were paid to shareholders of record as of February 20, May 16, August 20, and November 19. The total amount of dividends paid to Common Shareholders during 1998, 1997 and 1996 was $26.7 million, $22.6 million and $20.5 million, respectively.

NOTE 13. TAXATION

Under current Bermuda law, neither RenaissanceRe, Renaissance Reinsurance, nor Glencoe are required to pay taxes in Bermuda on either income or capital gains. Income from U.S. company operations is subject to taxes imposed by U.S. authorities. Renaissance Europe will be subject to the taxation laws of Ireland.

The U.S. companies have a net operating loss carryforward of $16.1 million which will be available to offset regular taxable U.S. income during the carryforward period (through 2018). As of December 31, 1998 a deferred tax asset of $22.0 million is included in other assets on the consolidated balance sheet.

The income tax expense (benefit) consists of:

	Year Ended December 31, 1998		
	Current	Deferred	Total
U.S. federal	$ 1,580	$(22,191)	$(20,611)
U.S. state and local	136	--	136
	$ 1,716	$(22,191)	$(20,475

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1998 are presented below:

	1998
Deferred tax assets:	
Allowance for doubtful accounts	$ 258
Unearned premiums	1,342
Claims reserves, principally due to discounting for tax	4,497
Retroactive reinsurance gain	9,384
Net operating loss carryforwards	5,483
Accrued expenses	2,040
Other	711
	23,715
Deferred tax liabilities:	
Deferred policy acquisition costs	(643)
Unrealized gains	(166)
Other	(881)
Net deferred tax asset	$ 22,025

NOTE 14. GEOGRAPHIC INFORMATION

Financial information relating to gross premiums by geographic region is as follows:

Year Ended December 31,	1998	1997	1996
United States	$191,658	$123,717	$126,611
Worldwide (excluding U.S.)	26,380	32,005	38,746
Worldwide	20,584	27,930	44,460
Europe (including the United Kingdom)	18,532	21,007	31,534
Other	9,374	16,738	18,958
Australia and New Zealand	3,932	6,890	9,604
Total Gross Premiums Written	$270,460	$228,287	$269,913

The category "Worldwide (excluding U.S.)" consists of contracts that cover more than one geographic region (other than the U.S.). The exposure in this category for gross premiums written is predominantly from Europe and Japan.

NOTE 15. SEGMENT REPORTING

As of December 31, 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company has two reportable segments: reinsurance operations and primary operations. The reinsurance segment provides property catastrophe reinsurance as well as other reinsurance to selected insurers and reinsurers on a worldwide basis. The primary segment provides insurance both on a direct and on a surplus lines basis for commercial and homeowners catastrophe-exposed property business. Also included in the primary segment are commercial auto and general liability covers as well as surety business which provides coverage to small and mid-size contractors. Data for the three years ended December 31, 1998, 1997 and 1996 was as follows:

Year Ended December 31, 1998	Reinsurance	Primary	Other	Total
Gross premiums written	$ 207,189	$ 63,271	$ --	$ 270,460
Total revenues	216,976	42,229	1,322	260,527
Pre-tax profit (loss)	126,768	(51,438)	(21,228)	54,102
Assets	897,656	369,801	88,707	1,356,164
Claims and claim expense ratio	25.0%	200.2%	--	55.0%
Underwriting expense ratio	28.1%	37.1%	--	29.8%
Combined ratio	53.1%	237.3%	--	84.8%
Year Ended December 31, 1997				
Gross premiums written	$ 221,246	$ 7,041	$ --	$ 228,287
Total revenues	242,076	6,909	5,741	254,726
Pre-tax profit (loss)	146,209	2,421	(9,381)	139,249
Assets	795,043	84,211	81,495	960,749
Claims and claim expense ratio	23.6%	25.0%	--	23.7%
Underwriting expense ratio	22.6%	86.1%	--	23.8%
Combined ratio	46.2%	111.1%	--	47.5%
Year Ended December 31, 1996				
Gross premiums written	$ 268,361	$ 1,552	$ --	$ 269,913
Total revenues	289,645	2,780	2,534	294,959
Pre-tax profit (loss)	161,855	900	(6,595)	156,160
Assets	778,122	52,478	74,164	904,764
Claims and claim expense ratio	34.4%	--	--	34.3%
Underwriting expense ratio	16.2%	*	--	17.0%
Combined ratio	50.6%	--	--	51.3%

* Primary expense ratio is not relevant for 1996, as this was the initial year of operations and earned premium was $.2 million.

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

NOTE 16. STOCK INCENTIVE COMPENSATION AND EMPLOYEE BENEFIT PLANS

The Company has a stock option plan under which all employees of the Company and its subsidiaries may be granted stock options. A stock option award under the Company's stock option plan allows for the purchase of the Company's Common Shares at a price that is generally equal to the five day average closing price of the Common Shares prior to the date of grant. Options to purchase Common Shares are granted periodically by the Board of Directors and generally expire ten years from the date of grant.

The Company adopted the disclosure-only method under SFAS No. 123, "Accounting for Stock Based Compensation", as of December 31, 1996, and continues to account for stock-based compensation plans under Accounting Principles Board Opinion No. 25. In accordance with SFAS No. 123, the fair value of option grants is estimated on the date of grant using the Black-Scholes option pricing model for pro-forma footnote purposes with the following weighted average assumptions used for grants in 1998, 1997 and 1996, respectively; dividend yield of 2.7, 2.5 and 2.5 percent, expected option life of five years for all years, and expected volatility of 24.94, 25.09 and 25.09 percent. The risk-free interest rate was assumed to be 5.5 percent in 1998, 6.0 percent in 1997 and 6.5 percent in 1996. If the compensation cost had been determined based upon the fair value method recommended in SFAS No. 123, the Company's net income would have been $71.8 million, $135.4 million and $155.4 million for each of 1998, 1997 and 1996, respectively, and the Company's earnings per share on a diluted basis would have been $3.20, $5.89 and $5.98 for each of 1998, 1997 and 1996, respectively.

The following is a table of the changes in options outstanding for 1998, 1997 and 1996, respectively:

	Options available for grant	Options outstanding	Weighted average exercise price	Fair value of options	Range of exercise prices
Balance, December 31, 1995	1,998,350	901,650	$13.59		
Options granted:					
Exercise price at market price	(424,349)	424,349	$29.41	$ 7.86	$29.25 - $29.55
Options exercised		(28,738)	$14.91		
Balance, December 31, 1996	1,574,001	1,297,261	$18.74		
Authorized	1,000,000				
Options granted:					
Exercise price at market price	(705,949)	705,949	$37.49	$ 9.67	$34.18 - $44.61
Options forfeited	144,436	(144,436)	$28.91		
Options exercised		(571,967)	$15.23		
Shares turned in or withheld	114,287				
Restricted stock issued	(174,704)				
Restricted stock forfeited	8,249				
Balance, December 31, 1997	1,960,320	1,286,807	$26.67		
Options granted:					
Exercise price at market price	(486,079)	486,079	$45.05	$10.84	$34.97 - $48.00
Options forfeited	16,225	(16,225)	$33.45		
Options exercised		(136,891)	$17.69		
Shares turned in or withheld	59,928				
Restricted stock issued	(136,313)				
Restricted stock forfeited	461				
Balance, December 31, 1998	1,414,542	1,619,770	$35.62		
Total options exercisable at December 31, 1998	581,227				

During 1997, the shareholders approved an increase of 1,000,000 shares under the Company's 1993 Amended Stock Incentive Plan. The total number of shares available under the plan is 4,000,000 shares. The shareholders also approved the issuance of share-based awards, the issuance of restricted Common Shares under the plan and an adjustment in the calculation of shares available for issuance thereunder by deeming the number of shares tendered to, or withheld by the Company in connection with certain option exercises and in satisfaction of tax withholding liabilities to be so available.

In 1996, the Company established a Non-Employee Director Stock Plan to issue stock options and shares of restricted stock. In 1997, the shareholders approved an increase of authorized shares available for issuance thereunder from 100,000 Common Shares to 200,000 Common Shares. In 1998, 6,000 options to purchase Common Shares and 939 restricted Common Shares were granted. In 1997, 24,000 options to purchase Common Shares and 1,870 restricted Common Shares were issued. The options and restricted Common Shares vest ratably over three years.

During 1997, the Company's Board of Directors approved an employee stock bonus plan. Under the plan, eligible employees may elect to receive a grant of Common Shares of up to 50 percent of their bonus in lieu of cash, with an associated grant from the Company of an equal number of restricted shares. The restricted Common Shares vest ratably over three years. During the restricted period, the employee receives dividends and votes the restricted Common Shares, but the restricted shares may not be sold, transferred or assigned. In 1998, the Company issued 33,036 shares with a value of $1.5 million under this plan and in 1997, the Company issued 46,424 shares with a value of $1.7 million. Additionally, during 1998 the Board of Directors granted 103,277 restricted shares with a value of $4.5 million to certain executive officers. In 1997, 128,279 restricted shares with a value of $4.9 million were awarded to certain executive officers. The shares granted to executive officers vest ratably over four years. At the time of grant, the market value of the shares awarded under these plans is recorded as unearned stock grant compensation and is presented as a separate component of shareholders' equity. The unearned compensation is charged to operations over the vesting period. Compensation expense related to these plans was $2.5 million in 1998.

All of the Company's employees are eligible for defined contribution pension plans. Contributions are primarily based upon a percentage of eligible compensation.

NOTE 17. STATUTORY REQUIREMENTS

Under the Insurance Act, 1978, amendments thereto and related regulations of Bermuda ("The Act"), Renaissance Reinsurance and Glencoe are required to prepare statutory financial statements and to file in Bermuda a statutory financial return. The Act also requires Renaissance Reinsurance and Glencoe to maintain certain measures of solvency and liquidity during the period. As at December 31, 1998 the statutory capital and surplus of the Bermuda subsidiaries was $655.3 million and the amount required to be maintained under Bermuda law was $101 million.

Under the Act, Renaissance Reinsurance is classified as a Class 4 insurer, and is therefore restricted as to the payment of dividends in the amount of 25 percent of the prior year's statutory capital and surplus, unless at least two members of the board of directors attest that a dividend in excess of this amount would not cause Renaissance Reinsurance to fail to meet its relevant margins. During 1998, Renaissance Reinsurance paid aggregate cash dividends of $102.1 million to RenaissanceRe.

Glencoe is also eligible as an excess and surplus lines insurer in a number of states in America. There are various capital and surplus requirements in these states, with the most onerous requiring the Company to maintain a minimum of $15 million in capital and surplus. In this regard the declaration of dividends from retained earnings and distributions from additional paid-in capital are limited to the extent that the above requirements are met.

The Company's U.S. insurance subsidiaries are subject to various statutory and regulatory restrictions regarding the payment of dividends. The restrictions are primarily based upon statutory surplus and statutory net income. The U.S. insurance subsidiaries' combined statutory surplus amounted to $25.2 million at

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December 31, 1998 and the amount required to be maintained was $20.7 million.

NOTE 18. COMMITMENTS AND CONTINGENCIES

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Concentration of credit risk

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of investments, cash and reinsurance balances. The Company limits the amount of credit exposure to any one financial institution and except for U.S. Government bonds, none of the Company's investments exceeded 10 percent of shareholders' equity at December 31, 1998. Concentrations of credit risk with respect to reinsurance balances are limited due to their dispersion across various companies and geographies.

Financial instruments with off-balance sheet risk

Except for the derivatives discussed in Note 3, as of December 31, 1998 the Company was not a party to any financial instruments that exposed the Company to any off-balance sheet risks.

Letters of credit

As of December 31, 1998 the Company's bankers have issued letters of credit of approximately $42.0 million in favor of certain ceding companies. The letters of credit are secured by cash and investments of similar amounts.

Employment agreements

The Board of Directors has authorized the execution of employment agreements between the Company and certain officers. These agreements provide for severance payments under certain circumstances, as well as accelerated vesting of options and restricted stock grants, under a change in control, as defined therein and by the Company's stock option plan.

Employee Credit Facility

In June of 1997, the Company executed a credit facility in order to encourage direct, long-term ownership of the Company's stock, and to facilitate purchases of the Company's stock by officers of the Company. Under the terms of the facility, the purchases are financed by personal loans to the officers from the bank. Such loans are collateralized by the stock purchased. The Company guarantees the loans, but has recourse to the collateral if it incurs a loss under the guarantee. In addition, the Company has agreed to provide loans to the officers for interest payments under the bank loans. At December 31, 1998, the bank loans guaranteed by the Company totaled $19.1 million. At December 31, 1998, the common stock that collateralizes the loans had a fair value of $33.2 million.

Litigation

The Company is party to various lawsuits arising in the normal course of business. The Company does not believe that any of the litigation will have a material impact on its consolidated financial statements.

NOTE 19. SUBSEQUENT EVENT

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Effective January 11, 1999, Top Layer Reinsurance Ltd. was formed as a joint venture between the Company and State Farm Mutual Automobile Insurance Company to provide property catastrophe reinsurance for high layer, non-U.S. risks. In connection with this joint venture, the Company has provided capital of $0.6 million and has provided a $50 million letter of credit. The letter of credit is secured by a portion of the Company's investments.

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NOTE 20. QUARTERLY FINANCIAL RESULTS (UNAUDITED)

	Quarter Ended March 31, 1998	Quarter Ended March 31, 1997	Quarter Ended June 30, 1998	Quarter Ended June 30, 1997	Quarter Ended September 30, 1998	Quarter Ended September 30, 1997	Quarter Ended December 31, 1998*	Quarter Ended December 31, 1997
Net premiums earned	$46,097	$55,901	$47,041	$51,463	$58,666	$52,995	$ 53,143	$51,131
Net investment income	13,629	12,125	12,629	12,216	13,305	12,653	13,271	12,579
Net foreign exchange gains (losses)	(24)	(1,643)	(827)	479	49	(356)	649	(1,922)
Other income	--	--	347	--	642	--	8,800	--
Net realized investment gains (losses)	1,236	166	(2,163)	(302)	(5,833)	1,053	(130)	(3,812)
Total revenue	$60,938	$66,549	$57,027	$63,856	$66,829	$66,345	$75,733	$57,976
Claims and claim expenses incurred	$ 7,876	$14,238	$10,294	$11,106	$26,696	$14,673	$ 67,886	$ 9,998
Net income (loss)	$35,674	$35,437	$28,538	$37,005	$20,372	$35,408	$(10,007)	$31,399
Earnings (loss) per share-basic	$ 1.60	$ 1.56	$ 1.28	$ 1.63	$ 0.93	$ 1.59	$ (0.46)	$ 1.41
Earnings (loss) per share-diluted	$ 1.57	$ 1.52	$ 1.26	$ 1.59	$ 0.91	$ 1.56	$ (0.46)	$ 1.38
Weighted average shares-basic	22,298	22,779	22,237	22,700	21,962	22,233	21,568	22,271
Weighted average shares-diluted	22,708	23,295	22,728	23,201	22,393	22,699	21,874	22,673
Claims and claim expense ratio	17.1%	25.5%	21.9%	21.6%	45.5%	27.7%	127.7%	19.6%
Underwriting expense ratio	27.7%	22.0%	28.2%	23.4%	29.2%	24.1%	33.7%	25.9%
Combined ratio	44.8%	47.5%	50.1%	45.0%	74.7%	51.8%	161.4%	45.5%

* Loss in fourth quarter of 1998 was principally from Nobel operations. See Note 8.

NOTE 21. CONSOLIDATED UNAUDITED

PRO FORMA STATEMENTS

Operating results of Nobel and its affiliates acquired by the Company have been included in the consolidated financial statements from their date of acquisition. As required by Accounting Principles Board Opinion No.16, the following selected unauditted pro forma information is being provided to present a summary of the combined results of the Company and Nobel and its affiliates assuming the acquisition of Nobel and its affiliates had occurred as of January 1 of each year. The pro forma data is for informational purposes only and does not necessarily represent results which would have occurred if the acquisition had taken place on the basis assumed above.

Pro forma Statements: Years Ended December 31,	1998	1997
Total revenues	$294,239	$305,239
Net income	60,320	142,426
Earnings per Common Share-basic	$ 2.74	$ 6.33
Earnings per Common Share-diluted	$ 2.69	$ 6.20

DIRECTORS AND OFFICERS

(as of March 1, 1999)

BOARD OF DIRECTORS

James N. Stanard (3)(4)
Chairman of the Board

Arthur S. Bahr (1)(2)
Retired
General Electric Investment Corporation

Thomas A. Cooper (1)(2)(4)
TAC Associates

Edmund B. Greene
Retired
General Electric Company

Gerald L. Igou (3)
General Electric Investment Corporation

Kewsong Lee (1)
E. M. Warburg, Pincus & Co., L.L.C.

Paul J. Liska (1)(3)
The St. Paul Companies, Inc.

Lisa J. Marshall
Conyers, Dill and Pearman

Howard H. Newman (2)(3)(4)
E. M. Warburg, Pincus & Co., L.L.C.

Scott E. Pardee (1)(3)(4)
Massachusetts Institute of Technology

William I. Riker
Renaissance Reinsurance Ltd.

Committees of the Board:

(1) Audit
(2) Compensation
(3) Investment
(4) Transaction

OFFICERS OF RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES

James N. Stanard
Chairman of the Board
President
Chief Executive Officer
RenaissanceRe Holdings Ltd.

William I. Riker
President
Chief Operating Officer
Renaissance Reinsurance Ltd.

David A. Eklund
Executive Vice President
Chief Underwriting Officer
Renaissance Reinsurance Ltd.

John M. Lummis
Senior Vice President
Chief Financial Officer
RenaissanceRe Holdings Ltd.

Yves Dujardin
Vice President
Renaissance Reinsurance Ltd.

Robert E. Hykes
Vice President
Renaissance Services Ltd.

Martin J. Merritt
Vice President
Controller
Company Secretary
RenaissanceRe Holdings Ltd.

John D. Nichols, Jr.
Vice President
Renaissance Reinsurance Ltd.

Kevin J. O'Donnell
Vice President
Renaissance Reinsurance Ltd.

Russell M. Smith
Vice President
Renaissance Reinsurance Ltd.

J. Alex Richards
Assistant Vice President
Renaissance Services Ltd.

John R. Wineinger
Assistant Vice President
Renaissance Services Ltd.

Craig W. Tillman
Assistant Vice President
Glencoe Insurance Ltd.

Robert L. Ricker
President
DeSoto Insurance Company

Ian D. Branagan
Divisional Director
Renaissance Reinsurance of Europe

FINANCIAL AND INVESTOR INFORMATION

For general information about the Company or for copies of the annual report, quarterly earnings releases and Forms 10-K and 10-Q, please contact:

Martin J. Merritt
Vice President, Controller and Company Secretary
Tel. 441-299-7230
Internet: mjm@renre.com

STOCK INFORMATION

The Company's stock is listed on The New York Stock Exchange under the symbol RNR.

The following table sets forth the high and low closing sales prices per share, as reported on The New York Stock Exchange Composite Tape for the four fiscal quarters of 1998 and 1997:

	1998 Price Range		1997 Price Range	
	High	Low	High	Low
First Quarter	50.06	40.00	40.00	32.63
Second Quarter	50.25	43.25	39.63	34.13
Third Quarter	47.63	41.50	45.88	37.88
Fourth Quarter	42.88	34.81	49.94	39.88

INDEPENDENT AUDITORS

Ernst & Young
Hamilton, Bermuda

TRANSFER AGENT

ChaseMellon Shareholder Services, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660
USA
Web site: www.chasemellon.com

All written requests should be sent to:
The Company Secretary
RenaissanceRe Holdings Ltd.
Renaissance House
8-12 East Broadway
P.O. Box HM2527
Hamilton HMGX, Bermuda

Concept & Project Supervision: Investor Access Corporation, NYC
Design: George/Gerard Design, Inc., NYC

Exhibit 21.1

SUBSIDIARIES OF RENAISSANCERE HOLDINGS LTD.

1. 100% of the issued and outstanding capital shares of Renaissance Reinsurance Ltd., a company organized under the laws of Bermuda, is owned by RenaissanceRe Holdings Ltd.

2. 100% of the issued and outstanding capital shares of Glencoe Insurance Ltd., a company organized under the laws of Bermuda, is owned by RenaissanceRe Holdings Ltd.

3. 100% of the issued and outstanding capital shares of DeSoto Insurance Company, a company organized under the laws of Florida, is owned by Glencoe Insurance Ltd.

4. 100% of the issued and outstanding capital shares of Renaissance Services Ltd., a company organized under the laws of Bermuda, is owned by RenaissanceRe Holdings Ltd.

5. 100% of the issued and outstanding capital shares of Renaissance U.S. Holdings, Inc., a corporation organized under the laws of Delaware, is owned by RenaissanceRe Holdings Ltd.

6. 100% of the issued and outstanding capital shares of Nobel Insurance Company, an insurance company organized under the laws of Texas, is owned by Renaissance U.S. Holdings Inc.

7. 100% of the issued and outstanding capital shares of Nobel Service Corporation, a corporation organized under the laws of Texas, is owned by Nobel Insurance Company.

8. 100% of the issued and outstanding capital shares of IAS Claim Services, Inc., a corporation organized under the laws of Delaware, is owned by Renaissance U.S. Holdings Inc.

9. 100% of the issued and outstanding capital shares of Nobel Insurance Agency, Inc., a corporation organized under the laws of Texas, is owned beneficially by Renaissance U.S. Holdings Inc.

10. 100% of the issued and outstanding capital shares of Nobel Managing Agents, Inc., a corporation organized under the laws of Texas, is owned by Nobel Insurance Company.

11. 100% of the issued and outstanding capital shares of Paget Insurance Agency, Inc., a corporation organized under the laws of Florida, is owned beneficially by Renaissance U.S. Holdings Inc.

12. 100% of the issued and outstanding capital shares of Pembroke Managing Agents, Inc., a corporation organized under the laws of Florida, is owned beneficially by Renaissance U.S. Holdings Inc.

13. 50% of the issued and outstanding capital shares of Top Layer Reinsurance Ltd., a company organized under the laws of Bermuda, is owned by Renaissance Reinsurance Ltd.

14. 99% of the issued and outstanding capital shares of Renaissance Reinsurance of Europe, a company organized under the laws of Ireland, is owned by Renaissance Reinsurance Ltd., with the remaining 1% owned by RenaissanceRe Holdings Ltd.

15. 100% of the Common Securities of RenaissanceRe Capital Trust, a Delaware statutory business trust, are owned by RenaissanceRe Holdings Ltd. Such Common Securities represent approximately 3% of the outstanding beneficial interests in the Trust, and 100% of the ordinary voting power.

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

To the Board of Directors of
RenaissanceRe Holdings Ltd.

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-06339 and 333-61015) and on Form S-3 (No. 333-61709) of RenaissanceRe Holdings Ltd. of our report dated January 26, 1999, relating to the consolidated financial statements of RenaissanceRe Holdings Ltd. and Subsidiaries as of and for the years ended December 31, 1998 and 1997 and for each of the years in the three year period ended December 31, 1998 and our report dated January 26, 1999 on the schedules included in the Company's 1998 Annual Report on Form 10-K, which reports are incorporated by reference/included in the December 31, 1998 Annual Report on Form 10-K of RenaissanceRe Holdings Ltd.

/s/ Ernst & Young

Hamilton, Bermuda
March 31, 1999

(Replace this text with the legend)

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DEC-31-1998
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(16,321)