

UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION

FORM 10-Q

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

For the quarterly period ended: March 31, 2001

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 34-0-26512

RENAISSANCERE HOLDINGS LTD.

-----  
(Exact name of registrant as specified in its charter)

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

RENAISSANCE HOUSE  
8-12 EAST BROADWAY  
PEMBROKE, BERMUDA HM 19  
(Address of principal executive offices) (Zip Code)

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

NOT APPLICABLE  
(Former name, former address and former fiscal year,  
if changed since last report)

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

The number of outstanding shares of RenaissanceRe Holding Ltd.'s common  
stock, par value US \$1.00 per share, as of March 31, 2001 was 19,753,857.

Total number of pages in this report: 23

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Part I - Financial information  
Item 1 - Financial statements

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
AS AT MARCH 31, 2001 AND DECEMBER 31, 2000  
(in thousands of United States Dollars, except per share amounts)

	AS AT	
	MARCH 31, 2001	DECEMBER 31, 2000
	(Unaudited)	
ASSETS		
Fixed maturity investments available for sale, at fair value (Amortized cost \$970,793 and \$921,750 at March 31, 2001 and December 31, 2000, respectively)	\$ 985,768	\$ 928,102
Short term investments	12,984	13,760
Other investments	40,080	29,613
Cash and cash equivalents	146,085	110,571
Total investments and cash	1,184,917	1,082,046
Premiums receivable	125,099	95,423
Ceded reinsurance balances	78,830	37,520
Losses and premiums recoverable	180,770	167,604
Accrued investment income	13,021	15,034
Deferred acquisition costs	14,337	8,599
Other assets	68,762	62,763
TOTAL ASSETS	\$ 1,665,736	\$ 1,468,989
	=====	=====
LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Reserve for claims and claim expenses	\$ 437,014	\$ 403,611
Reserve for unearned premiums	191,185	112,541
Bank loans	50,000	50,000
Reinsurance balances payable	97,574	50,779
Other	55,250	63,610
TOTAL LIABILITIES	831,023	680,541
	-----	-----
MINORITY INTEREST		
Company obligated mandatorily redeemable Capital Securities of a subsidiary trust holding solely junior subordinated debentures of the Company	87,630	87,630
SHAREHOLDERS' EQUITY		
Common shares and additional paid-in capital	30,313	22,999
Unearned stock grant compensation	(17,961)	(11,716)
Accumulated other comprehensive income	14,975	6,831
Retained earnings	719,756	682,704
TOTAL SHAREHOLDERS' EQUITY	747,083	700,818
	-----	-----
TOTAL LIABILITIES, MINORITY INTEREST, AND SHAREHOLDERS' EQUITY	\$ 1,665,736	\$ 1,468,989
	=====	=====
BOOK VALUE PER COMMON SHARE	\$ 37.82	\$ 35.72
	=====	=====
COMMON SHARES OUTSTANDING	19,754	19,621
	=====	=====

The accompanying notes are an integral part of these financial statements

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the three month periods ended March 31, 2001 and 2000  
(in thousands of United States Dollars, except per share amounts)  
(Unaudited)

	QUARTERS ENDED	
	MARCH 31, 2001	MARCH 31, 2000
<b>REVENUES</b>		
Gross Premiums Written	\$ 198,208	\$ 160,471
	=====	=====
Net premiums written	\$ 121,232	\$ 103,364
Decrease in unearned premiums	(37,332)	(50,599)
	-----	-----
Net premiums earned	83,900	52,765
Net investment income	17,884	18,467
Net foreign exchange losses	(296)	(137)
Other income	3,868	1,402
Net realized gains (losses) on investments	7,616	(6,787)
	-----	-----
TOTAL REVENUES	112,972	65,710
	-----	-----
<b>EXPENSES</b>		
Claims and claim expenses incurred	41,895	17,713
Acquisition expenses	12,545	7,242
Operational expenses	8,512	7,807
Corporate expenses	1,528	2,342
Interest expense	864	4,252
	-----	-----
TOTAL EXPENSES	65,344	39,356
	-----	-----
Income before minority interest and taxes	47,628	26,354
Minority interest - Company obligated mandatorily redeemable Capital Securities of a subsidiary trust holding solely junior subordinated debentures of the Company	1,847	1,859
	-----	-----
Income before taxes	45,781	24,495
Income tax expense	876	420
	-----	-----
NET INCOME	\$ 44,905	\$ 24,075
	=====	=====
Earnings per Common Share - basic	\$ 2.34	\$ 1.25
Earnings per Common Share - diluted	\$ 2.22	\$ 1.24
Operating earnings per Common Share - diluted	\$ 1.84	\$ 1.58
Average shares outstanding - basic	19,227	19,266
Average shares outstanding - diluted	20,230	19,475
Claims and claim expense ratio	49.9%	33.6%
Expense ratio	25.1%	28.5%
	-----	-----
Combined ratio	75.0%	62.1%
	=====	=====

The accompanying notes are an integral part of these financial statements

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
For the three month periods ended March 31, 2001 and 2000  
(in thousands of United States Dollars)  
(Unaudited)

	YEAR TO DATE	
	MARCH 31, 2001	MARCH 31, 2000
Common Shares & additional paid-in capital		
Balance -- January 1	\$ 22,999	\$ 19,686
Exercise of options, and issuance of stock and restricted stock awards	7,314	85
Repurchase of shares	--	(348)
Balance -- March 31	30,313	19,423
Unearned stock grant compensation		
Balance -- January 1	(11,716)	(10,026)
Restricted stock grants awarded, net	(7,920)	(3,332)
Amortization	1,675	1,277
Balance -- March 31	(17,961)	(12,081)
Accumulated other comprehensive income (1)		
Balance -- January 1	6,831	(18,470)
Net unrealized gains (losses) on securities, net of adjustment (see disclosure)	8,144	4,757
Balance -- March 31	14,975	(13,713)
Retained earnings		
Balance -- January 1	682,704	609,139
Net income	44,905	24,075
Dividends paid	(7,853)	(7,401)
Repurchase of shares	--	(12,717)
Exercise of options	--	3,126
Balance -- March 31	719,756	616,222
Total Shareholders' Equity	\$ 747,083	\$ 609,851
COMPREHENSIVE INCOME		
Net income	\$ 44,905	\$ 24,075
Other comprehensive income	8,144	4,757
Comprehensive income	\$ 53,049	\$ 28,832
DISCLOSURE REGARDING NET UNREALIZED GAINS (LOSSES)		
Net unrealized holding gains (losses) arising during period	\$ 15,760	\$ (2,030)
Net realized (gains) losses included in net income	(7,616)	6,787
Change in net unrealized gains (losses) on securities	\$ 8,144	\$ 4,757

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

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three month periods ended March 31, 2001 and 2000  
(in thousands of United States Dollars)  
(Unaudited)

	YEAR TO DATE	
	MARCH 31, 2001	MARCH 31, 2000
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net income	\$ 44,905	\$ 24,075
ADJUSTMENTS TO RECONCILE NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES		
Amortization and depreciation	(91)	(279)
Net realized investment losses (gains)	(7,616)	6,787
Change in:		
Reinsurance balances, net	17,119	(51,487)
Ceded reinsurance balances	(41,310)	(18,330)
Deferred acquisition costs	(5,738)	(2,687)
Reserve for claims and claim expenses, net	20,237	55,141
Reserve for unearned premiums	78,644	68,929
Other	(31,238)	2,515
NET CASH PROVIDED BY OPERATING ACTIVITIES	74,912	84,664
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from sale of investments	854,004	601,540
Purchase of investments available for sale	(885,549)	(605,240)
NET CASH USED IN INVESTING ACTIVITIES	(31,545)	(3,700)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(7,853)	(7,401)
Purchase of Common Shares	--	(13,065)
NET CASH USED IN FINANCING ACTIVITIES	(7,853)	(20,466)
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,514	60,498
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	110,571	132,112
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 146,085	\$ 192,610
	=====	=====

The accompanying notes are an integral part of these financial statements

RenaissanceRe Holdings Ltd., and Subsidiaries  
Notes to Consolidated Financial Statements  
(Expressed in United States Dollars)  
(Unaudited)

1. The consolidated financial statements have been prepared on the basis of United States generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The consolidated financial statements include the accounts of RenaissanceRe Holdings Ltd. ("RenaissanceRe") and its wholly owned subsidiaries, including Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), Glencoe Insurance Ltd. ("Glencoe"), Renaissance U.S. Holdings, Inc. ("Renaissance U.S."), RenaissanceRe Capital Trust (the "Trust") and Renaissance Underwriting Managers, Ltd. ("Renaissance Managers").

RenaissanceRe and its subsidiaries are collectively referred to herein as the "Company". All intercompany transactions and balances have been eliminated on consolidation.

The Company acts as underwriting manager and underwrites worldwide property catastrophe reinsurance programs on behalf of Overseas Partners Cat Ltd. ("OPCat"), a subsidiary of Overseas Partners Ltd., a Bermuda Company. Renaissance Reinsurance has also entered into a joint venture, Top Layer Reinsurance Ltd. ("Top Layer Re") with State Farm Automobile Insurance Company.

Minority interests represent the interests of external parties in respect of net income and shareholders' equity of the Trust.

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

2. Significant Accounting Policies

Effective January 1, 2001, the Company adopted 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. The adoption of SFAS No. 133 had no impact on the Company's consolidated financial statements.

3. The Company utilizes reinsurance to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claims expenses from reinsurers in excess of various retentions and loss warranties. The Company would remain liable to the extent that any third party reinsurance company fails to meet its obligations. The earned reinsurance premiums ceded were \$35.7 million

and \$38.9 million for the three months ended March 31, 2001 and 2000, respectively. Other than loss recoveries, certain of the Company's ceded reinsurance contracts provide for recoveries of additional premiums, reinstatement premiums and for unrecovered no claims bonuses which are unrecoverable when losses are ceded to those reinsurance contracts. Total recoveries (reductions) netted against premiums and claims and claim expenses incurred for the three months ended March 31, 2001 were \$43.8 million compared to \$0.8 million for the three months ended March 31, 2000.

Included in losses and premiums recoverable are recoverables of \$19.0 million which are related to retroactive reinsurance agreements. In accordance with SFAS No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," losses related to retroactive reinsurance agreements are required to be included in claims and claim expenses incurred as they become known. However, offsetting recoverables, if any, are deferred and reflected in the statement of operations in future periods, based on the recovery method. As of March 31, 2001, the Company has deferred \$11.2 million of recoveries related to a retroactive reinsurance contract. This has been included in other liabilities on the consolidated balance sheet. As the amounts are recovered, the recoveries will offset claims and claim expenses incurred in the consolidated statement of operations.

4. The Company paid interest on its outstanding loans of \$0.8 million for the three month period ended March 31, 2001 and \$6.1 million for the same period in the previous year. The decrease in interest payments is due to repayment of borrowings of \$200.0 million during the fourth quarter of 2000. See "Financial Condition - Capital Resources and Shareholders' Equity" for further discussion.

On March 1, 2001, the Company paid a semi-annual dividend of \$4.3 million on the Company's obligated mandatorily redeemable capital securities of a subsidiary trust holding solely junior subordinated debentures of the Company ("Capital Securities").

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



	Quarter ended March 31,	
	2001	2000
(in thousands of U.S. dollars except share and per share data)		
Numerator:		
Net income	\$ 44,905	\$ 24,075
Denominator:		
Denominator for basic earnings per share - Weighted average shares	19,226,892	19,265,973
Per share equivalents of employee stock Options and restricted shares	1,002,809	209,504
Denominator for diluted earnings per share - Adjusted weighted average shares and Assumed conversions	20,229,701	19,475,477
Basic earnings per share	\$2.34	\$1.25
Diluted earnings per share	\$2.22	\$1.24

6. The Board of Directors of the Company declared, and the Company paid, a dividend of \$0.40 per share to shareholders of record on February 20, 2001. On May 4, 2001, the Board of Directors declared a dividend of \$0.40 per share payable on June 1, 2001 to shareholders of record on May 18, 2001.
7. 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. Data for the three month periods ended March 31, 2001 and 2000 are as follows:

QUARTER ENDED MARCH 31, 2001	REINSURANCE	PRIMARY	OTHER	TOTAL
Gross premiums written	\$188,313	\$ 9,895	\$ -	\$198,208
Total revenues	108,003	4,254	715	112,972
Pre-tax profit (loss)	45,030	3,386	(2,635)	45,781
Assets	1,367,276	242,157	56,303	1,665,736
Claims and claim expense ratio	53.6%	-133.3%	-	49.9%
Underwriting expense ratio	23.0%	123.3%	-	25.1%
Combined ratio	76.6%	-10.0%	-	75.0%

QUARTER ENDED MARCH 31, 2000	REINSURANCE	PRIMARY	OTHER	TOTAL
Gross premiums written	\$144,752	\$15,719	\$ -	\$160,471
Total revenues	59,529	3,903	2,278	65,710
Pre-tax profit (loss)	28,179	1,341	(5,025)	24,495
Assets	1,230,469	264,007	196,282	1,690,758
Claims and claim expense ratio	34.0%	24.0%	-	33.6%
Underwriting expense ratio	28.4%	23.0%	-	28.5%
Combined ratio	62.4%	47.0%	-	62.1%

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

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

The Company's U.S. subsidiaries are subject to U.S. tax. Included in other assets is a net deferred tax asset of \$17.5 million which is net of a \$7.9 million valuation allowance. Net operating loss carryforwards and future tax deductions will be available to offset regular taxable U.S. income during the carryforward period (through 2018), subject to certain limitations.

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

The following is a discussion and analysis of the Company's results of operations for the three months ended March 31, 2001 and 2000 and financial condition as of March 31, 2001. This discussion and analysis should be read in conjunction with the attached unaudited consolidated financial statements and notes thereto and the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000.

General

The Company provides reinsurance and insurance where risk of natural catastrophe represents a significant component of the overall exposure. The Company's results depend to a large extent on the frequency and severity of catastrophic events, and the concentration and coverage offered to clients impacted thereby. The Company's catastrophe reinsurance business includes 1) writing reinsurance on its own behalf and 2) writing reinsurance on behalf of two joint ventures, Top Layer Re and OPCat. The Company receives income based on the performance of these joint ventures which is reflected in other income.

The Company also writes reinsurance with respect to various other lines, including accident and health, aviation, satellite and finite reinsurance. The Company may write other lines of reinsurance in the future although there can be no assurance that any such premiums will be material to the Company. From time to time, the Company may consider opportunistic diversification into new ventures, either through organic growth or the acquisition of other companies or books of business. In evaluating such new ventures, the Company seeks an attractive return on equity, the ability to develop or capitalize on a competitive advantage and opportunities that will not detract from its core reinsurance operations. Accordingly, the Company regularly reviews strategic opportunities and periodically engages in discussions regarding possible transactions.

RESULTS OF OPERATIONS

FOR THE QUARTER ENDED MARCH 31, 2001 COMPARED TO THE QUARTER ENDED MARCH 31, 2000

For the quarter ended March 31, 2001, net operating income, excluding realized investment gains and losses, available to common shareholders was \$37.3 million or \$1.84 per share, compared to \$30.9 million or \$1.58 per share for the same quarter in 2000. Gross premiums written for the first quarter of 2001 and 2000 were as follows:

(in thousands)	Quarter ended	
	31-Mar-01	31-Mar-00
Reinsurance	188,313	144,752
Primary	9,895	15,719
	198,208	160,471
	=====	=====

The majority of the increase in reinsurance premiums written by the Company during the first quarter was due to two items: 1) increase in finite and non-cat premiums written from \$5.0 million in the first quarter of 2000 to \$22.2 million in the first quarter 2001; and 2) a \$26.3 million increase in property catastrophe premiums written due to increased business opportunities.

For the quarter ended March 31, 2001, total managed catastrophe premiums were \$214.7 million, \$48.8 million of which was derived from the OPCat and Top Layer Re joint ventures, compared with \$174.8 million and \$34.2 million for the same quarter of 2000. Total managed catastrophe premiums written represents gross catastrophe premiums written by Renaissance Reinsurance and written on behalf of the OPCat Ltd. and Top Layer Re Ltd. joint ventures and is used by the Company to measure the Company's penetration into the catastrophe reinsurance market.

During the first quarter of 2001, ceded premiums written were \$77.0 million, compared with \$57.1 million for the same quarter in 2000. The increase in ceded premiums written was due to an increase in attractive opportunities for the Company to purchase reinsurance. Ceded reinsurance for the primary companies was \$6.7 million for the quarter ended March 31, 2001 compared with \$13.5 million for the same period of the previous year.

The table below sets forth the Company's combined ratio and components thereof, by segment for the quarters ended March 31, 2001 and 2000:

Quarter ended:	REINSURANCE		PRIMARY		TOTAL	
	31-Mar-01	31-Mar-00	31-Mar-01	31-Mar-00	31-Mar-01	31-Mar-00
Claims and claim expense ratio	53.6%	34.0%	-133.3%	24.0%	49.9%	33.6%
Underwriting expense ratio	23.0%	28.4%	123.3%	23.0%	25.1%	28.5%
Combined ratio	76.6%	62.4%	-10.1%	47.0%	75.0%	62.1%

The claims and claim expense ratio of the reinsurance business increased primarily due to the Company's increase in non-cat and finite premiums which normally will produce a higher claims and claims expense and combined ratio than the property catastrophe business written by the reinsurance company. In addition there was an increase from a higher level of attritional catastrophe losses in the quarter.

The majority of the premiums written by the primary operations are currently ceded to other reinsurers and as a result, the net earned premiums from the primary operations were \$1.6 million for the first quarter ended March 31, 2001, compared with \$2.5 million for the quarter ended March 31, 2000. Based on this reduced level of net earned premiums, relatively modest one time adjustments to net written premiums, claim and claim expenses incurred, acquisition expenses or operating expenses can cause, and did cause, unusual fluctuations in the claims and

claim expense ratio and the underwriting expense ratio of the primary operations. Other income increased from \$1.4 million for the first quarter ended March 31, 2000 to \$3.9 million for the quarter ended March 31, 2001. The increase was primarily related to the increased income from the Company's joint ventures Top Layer Re and OPCat.

Net investment income, excluding realized investment gains and losses, for the first quarter of 2001 was \$17.9 million, compared to \$18.5 million for the same period in 2000. The decrease in investment income primarily relates to a decrease in investment yields during the first quarter of 2001 as compared with the first quarter of 2000 and the repayment of \$200 million on the revolving credit facility in the fourth quarter of 2000.

Interest expense and minority interest for the quarter ended March 31, 2001 decreased to \$0.9 million from \$4.3 million for the same period in 2000. The decrease was related to the repayment of \$200 million on the revolving credit facility in the fourth quarter of 2000.

## FINANCIAL CONDITION

### LIQUIDITY AND CAPITAL REQUIREMENTS

As a holding company, RenaissanceRe relies on investment income, cash dividends and permitted payments from its subsidiaries to make principal payments, interest payments, cash distributions on outstanding obligations and quarterly dividend payments, if any, to its shareholders. The payment of dividends by the Company's Bermuda subsidiaries to RenaissanceRe is, under certain circumstances, limited under Bermuda insurance law. The Bermuda Insurance Act of 1978, amendments thereto (the "Act") and related regulations of Bermuda require the Company's Bermuda subsidiaries to maintain certain measures of solvency and liquidity. As at March 31, 2001 the statutory capital and surplus of the Company's Bermuda subsidiaries was \$729.1 million, and the amount required to be maintained was \$101.0 million. During the quarter ended March 31, 2001, Renaissance Reinsurance declared dividends of \$52.5 million compared to \$22.6 million for the same period in 2000.

### CASH FLOWS

The Company's operating subsidiaries have historically produced sufficient cash flows to meet expected claims payments and operational expenses and to provide dividend payments to RenaissanceRe. RenaissanceRe's subsidiaries also maintain a concentration of investments in high quality liquid securities, which management believes will provide sufficient liquidity to meet extraordinary claims payments should the need arise. Additionally, the Company maintains a \$310.0 million credit facility which is available to the holding company, RenaissanceRe, to meet the liquidity needs of the Company's subsidiaries should the need arise. \$8.0 million was outstanding under the credit facility as of March 31, 2001.

Cash flows from operations in the first three months of 2001 were \$74.9 million, compared to \$84.7 million for the same period in 2000. Cash flows have exceeded operating income partly due to paid loss recoveries received from the Company's reinsurers. The Company has produced cash flows from operations for the full years of 2001 and 2000 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 nature of the coverages the Company provides, which typically can produce infrequent losses of high severity, it is not possible to accurately predict the Company's future cash flows from operating activities. As a consequence, cash flows from operating activities may fluctuate, perhaps significantly, between individual quarters and years.

#### RESERVES

During the three months ended March 31, 2001 the Company incurred net claims of \$41.9 million and paid net losses of \$22.6 million. The Company's policy of purchasing reinsurance coverage continues to have a favorable impact on net incurred claims. Due to the high severity and low frequency of losses related to the property catastrophe insurance and reinsurance business, there can be no assurance that the Company will continue to experience this level of losses and/or recoveries.

For the Company's reinsurance operations, estimates of claims and claim expenses and the related recoveries are based in part upon estimation of claims resulting from catastrophic events. Estimation by the Company of claims resulting from catastrophic events based upon its own historical claim experience is inherently difficult because of the 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 and the related recoveries. The period of time between the reporting of a loss to the Company and the settlement of the Company's liability may be several years. During this period, additional facts and trends may be revealed. As these factors become apparent, case reserves may be adjusted, sometimes requiring an increase in the overall reserves of the Company, and at other times requiring a reallocation of IBNR reserves to specific case reserves. These estimates are reviewed regularly and adjustments, if any, are reflected in results of operations in the period in which they become known and are accounted for as changes in estimates.

#### CAPITAL RESOURCES AND SHAREHOLDERS' EQUITY

The total capital resources of the Company as at March 31, 2001 and December 31, 2000 was as follows:

(in thousands of U.S. dollars)	March 31, 2001	December 31, 2000
Term loan payable	\$ 42,000	\$ 42,000
Revolving Credit Facility--borrowed	8,000	8,000
Revolving Credit Facility--unborrowed	302,000	302,000
Minority interest--Company obligated mandatorily redeemable capital securities of a subsidiary trust	87,630	87,630
Shareholders' Equity	747,083	700,818
TOTAL CAPITAL RESOURCES	\$1,186,713	\$1,140,448

The Company has a \$310.0 million committed revolving credit and term loan agreement with a syndicate of commercial banks. Interest rates on the facility are based on a spread above LIBOR, and averaged approximately 6.9 percent during the first three months of 2001 (compared to 6.1 percent for the same period in 2000). The revolving credit agreement contains certain financial covenants including requirements that the ratio of consolidated debt to capital does not exceed 0.35:1; consolidated net worth must exceed the greater of \$100.0 million or 125 percent of consolidated debt; and 80 percent of invested assets must be rated BBB- by S&P or Baa3 by Moody's Investor Service or better. The Company was in compliance with all the covenants of this revolving credit and term loan agreement as at March 31, 2001.

Renaissance U.S. has a \$27 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 6.7 percent during the first three months of 2001 (compared to 6.6 percent for the first three months of 2000). The related agreements contain 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. The term loan has mandatory repayment provisions approximating \$9.0 million per year in each of years 2001 through 2003. The Company repaid \$8.0 million of the loan in June 2000. The Company was in compliance with all the covenants of this term loan and revolving loan facility as at March 31, 2001.

The subsidiary RenaissanceRe Capital Trust has issued capital securities which 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 March 31, 2001. From time to time, the Company may opportunistically repurchase outstanding Capital Securities. The Company purchased \$2.0 million in 2000 and reflected a gain of \$0.5 million in shareholders' equity.

During the first three months of 2001, shareholders' equity increased by \$46.3 million, from \$700.8 million at December 31, 2000 to \$747.1 million at March 31, 2001. The significant

components of the change included, net income from continuing operations of \$44.9 million plus an increase in comprehensive income of \$8.1 million, offset by the payment of dividends of \$7.9 million.

#### INVESTMENTS

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

(in thousands of U.S. dollars)		
	March 31, 2001	December 31, 2000
Investments available for sale, at fair value	\$ 985,768	\$ 928,102
Other investments	40,080	29,613
Cash, cash equivalents and short term investments	159,069	124,331
<b>TOTAL INVESTED ASSETS</b>	<b>\$1,184,917</b>	<b>\$1,082,046</b>

At March 31, 2001, the invested asset portfolio had a dollar weighted average rating of AA, an average duration of 2.6 years and an average yield to maturity of 6.0 percent, net of investment expenses.

At March 31, 2001 the Company held investments and cash totaling \$1.2 billion with a net unrealized appreciation balance of \$15.0 million. The Company's investment portfolio is subject to the risks of declines in realizable value. The Company attempts to mitigate this risk through the diversification and active management of its portfolio.

At March 31, 2001, \$10.1 million of cash and cash equivalents were invested in currencies other than the U.S. dollar, which represented less than 1.0 percent of the Company's invested assets.

The Company has entered into forward purchase agreements allowing it to acquire certain foreign currencies to fund the payment of non-dollar losses.

#### EFFECTS OF INFLATION

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



## CURRENT OUTLOOK

Due to industry losses in 1999, and the related contraction of capacity in the market, the Company received price increases on a substantial majority of its reinsurance policies sold or renewed during the recent renewal season. However, even after these price increases, the Company believes that there continues to be numerous transactions in the market that are underpriced relative to expected losses. While the upward pressure on property catastrophe prices continues, market conditions are becoming more competitive.

The Company believes that because of its competitive advantages, including its technological capabilities and its relationships with leading brokers and ceding companies, it is able to identify contracts that are adequately priced and will continue to find opportunities in the property catastrophe reinsurance markets.

Primarily because of higher than average loss activity in 1999, the Company's aggregate cost for reinsurance protection increased during 2000 and could continue to increase during 2001. If prices rise to levels whereby the Company believes the purchase of reinsurance protection would become uneconomical, then in certain geographic regions the Company would retain a greater level of net risk. In order to obtain longer term retrocessional capacity, the Company has entered into multi-year contracts with respect to a portion of its portfolio. As of January 1, 2001, approximately 55% of the limits under the Company's retrocessional coverage were purchased on a multi-year basis.

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

During recent fiscal years there has been considerable consolidation among leading brokerage firms and also among the Company's customers. Although 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 adverse effect of such consolidation on its business.

## 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 contained in this report.

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and

contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

In particular, statements using words such as "expect", "anticipate", "intends", "believe" or words of similar import 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 its objectives or plans will be achieved. Numerous factors could cause the Company's actual results to differ materially from those addressed by the forward-looking statements, including the following:

- (1) the occurrence of catastrophic events with a frequency or severity exceeding the Company's estimates;
- (2) a decrease in the level of demand for the Company's reinsurance or insurance business, or increased competition in the industry;
- (3) the lowering or loss of one of the financial or claims-paying ratings of the Company or one or more of its subsidiaries;
- (4) risks associated with implementing the Company's business strategies;
- (5) slower than anticipated growth in the Company's fee-based operations;
- (6) changes in economic conditions, including currency rate conditions which could affect the Company's investment portfolio;
- (7) uncertainties in the Company's reserving process;
- (8) failure of the Company's reinsurers to honor their obligations;
- (9) loss of services of any one of the Company's key executive officers;
- (10) 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;
- (11) challenges by insurance regulators in the United States to Renaissance Reinsurance's claim of exemption from insurance regulation under the current laws;
- (12) a contention by the United States Internal Revenue Service that the Company's Bermuda subsidiaries, including Renaissance Reinsurance, are subject to U.S. taxation; and
- (13) actions of competitors, including industry consolidation and the development of competing financial products.

The factors listed above should not be construed as exhaustive. The Company undertakes no obligation to release publicly the results of any future revisions the Company may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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

#### MARKET SENSITIVE INSTRUMENTS

The Company's investment portfolio includes investments which are available for trading purposes and which are subject to changes in market values with changes in interest rates. The aggregate hypothetical loss generated from an immediate adverse parallel shift in the treasury yield curve of 100 basis points would cause a decrease in total return of 2.7 percent, which equates to a decrease in market value of approximately \$26.62 million on a portfolio valued at \$985.8 million at March 31, 2001. An immediate time horizon was used, as this presents the worst-case scenario.

PART II -- OTHER INFORMATION

Item 1 -- Legal Proceedings

None

Item 2 -- Changes in Securities and Use of Proceeds

None

Item 3 -- Defaults Upon Senior Securities

None

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

None

Item 5 -- Other Information

None

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

a. Exhibits:

Exhibit 10 - Investors' Rights Agreement dated as of April 3, 2001 by and among the Company, PT Investments, Inc. and Kingsway PT Limited Partnership.

b. Current Reports on Form 8-K:

The Registrant filed reports on Form 8-K on February 20, 2001 and March 5, 2001.

SIGNATURE

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

RENAISSANCERE HOLDINGS LTD.

By: /s/ John M. Lummis

-----  
John M. Lummis  
Senior Vice President and  
Chief Financial Officer

Date: May 15, 2001

INVESTORS' RIGHTS AGREEMENT

This INVESTORS' RIGHTS AGREEMENT, dated as of April 3, 2001, is entered into by and among RenaissanceRe Holdings Ltd., a company organized under the laws of Bermuda (the "Company"), PT Investments, Inc., a Delaware corporation ("PT Investments") and Kingsway PT Limited Partnership ("Kingsway"). PT Investments and Kingsway are referred to herein individually as an "Investor" and collectively as the "Investors".

RECITALS

WHEREAS, the Company wishes to grant to the Investors rights to have Common Shares registered under the Securities Act of 1933, as amended (the "Securities Act"), upon the terms and subject to the conditions of this Agreement;

WHEREAS, Schedule I hereto sets forth the number of Common Shares held by each Investor; and

WHEREAS, the Company wishes to grant to PT Investments rights to designate a representative to attend all meetings of the Company's Board of Directors (the "Board") and any committee thereof in a nonvoting-observer capacity, upon the terms and subject to the conditions of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the parties hereto hereby agree as follows:

SECTION 1. REGISTRATION RIGHTS.

(a) Definitions.

As used in this Agreement:

(i) "Commission" shall mean the U.S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act;

(ii) "Common Shares" means any of the Company's Diluted Voting Class I Common Shares (the "DVI Shares") or full voting Common Shares ("Full Voting Common Shares"), each par value \$1.00 per share;

(iii) an "ERISA Conflict" shall be deemed to result for the purposes of this Agreement, as to any contemplated action, if either of the Investors shall furnish an opinion of outside counsel to the effect that a reasonable possibility exists that such action will result in a violation of the Employee Retirement Income Security Act of 1974, as amended;

(iv) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended;

(v) the term "Holder" shall mean any holder of Registrable Securities;

(vi) the terms "register," "registered" and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act (and any post-effective amendments filed or required to be filed) and the declaration or ordering of effectiveness of such registration statement;

(vii) the term "Registrable Securities" means (A) all of the DVI Shares held by PT Investments (B) all of the Full Voting Common Shares held by Kingsway and (C) any capital shares of the Company issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the Common Shares referred to in clause (A) or (B) above; provided, however, that the Company shall be required to honor a demand for registration of DVI Shares only if it shall be a condition to the delivery of the DVI Shares contemplated by such registration that, immediately following the sale thereof by the holder, such DVI Shares shall be converted into Full Voting Common Shares.

(viii) "Registration Expenses" shall mean all expenses incurred by the Company in compliance with Section 1(b) hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company and all fees and disbursements of counsel for the Investors, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company, which shall be paid in any event by the Company); and

(ix) "Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities.

(b) Company Registration.

(i) During any period of time in which PT Investments shall not have registered any Registrable Securities pursuant to a shelf registration under Section 1(c) below (but only during such period), if the Company shall determine to register any of its equity securities either for its own account or for the account of a security holder or holders, other than a registration relating solely to employee benefit plans, or a registration relating solely to a Rule 145 transaction, or a registration on any registration form which does not permit secondary sales or does not include substantially the same information as would be required to be included in a registration statement covering the sale of Registrable Securities, the Company will:

(A) give, within five (5) business days of the date the Company expects to file such registration statement, to the Investors a written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable blue sky or other state securities laws); and

(B) include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made by the Investors within two (2) days after receipt of the written notice from the Company



described in clause (i) above, except as set forth in Section 1(b)(ii) below. Such written request may specify all or a part of the Investor's Registrable Securities.

(ii) Underwriting. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Investors as a part of the written notice given pursuant to Section 1(b)(i)(A). In such event, the rights of the Investors to registration pursuant to this Section 1(b) shall be conditioned upon the Investors' participation in such underwriting and the inclusion of the Investors' Registrable Securities in the underwriting to the extent provided herein. The Investors shall (together with the Company) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for underwriting by the Company, provided that no underwriter whose selection would result in an ERISA Conflict may participate in any such underwriting. Notwithstanding any other provision of this Section 1(b), if the representative determines that marketing factors require a limitation on the number of shares to be underwritten, the Company shall so advise the Investors, and the number of shares of securities that are entitled to be included in the registration and underwriting shall be allocated in the following manner: The securities of the Company held by officers and directors of the Company (other than Registrable Securities) shall be excluded from such registration and underwriting to the extent required by such limitation, and, if a limitation on the number of shares is still required, the number of shares that may be included in the registration and underwriting by the Investor shall be reduced by such minimum number of shares as is necessary to comply with such limitation. If the Investors or any officer or director of the Company disapproves of the terms of any such underwriting, he may elect to withdraw therefrom by written notice to the Company and the underwriter. Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(iii) Number. The Investor shall be entitled to have its shares included in an unlimited number of registrations pursuant to this Section 1(b).

(c) Form S-3. The Company shall use its best efforts to qualify for registration on Form S-3 for secondary sales. After the Company has qualified for the use of Form S-3, PT Investments shall have the right to request unlimited registrations on Form S-3 (such requests shall be in writing and shall state the number of shares of Registrable Securities to be disposed of and the intended method of disposition of shares by the Investor), subject only to the following:

(i) The Company shall not be required to effect a registration pursuant to this Section 1(c) unless PT Investments proposes to dispose of shares of Registrable Securities resulting in aggregate proceeds (before deduction of underwriting discounts and expenses of sale) of more than \$10,000,000.

(ii) The Company shall not be required to effect a registration pursuant to this Section 1(c) if the Company shall furnish to PT Investments a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company and its shareholders for such registration statement to be filed and it is therefore essential to

defer the filing of such registration statement. In such event, the Company shall have the right to defer the filing of the registration statement no more than once during any 12 month period for a period of not more than 120 days after receipt of the request of the Company under this Section 1(c).

(iii) The Company shall not be obligated to effect any registration pursuant to this Section 1(c) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or applicable rules or regulations thereunder.

(d) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to this Section 1 shall be borne by the Company, and all Selling Expenses shall be borne by the Investors; provided, however, that the Company shall not be required to pay any Registration Expenses if, as a result of the withdrawal of a request for registration by an Investor, the registration statement does not become effective, in which case such Investor shall bear such Registration Expenses.

(e) Indemnification.

(i) The Company will indemnify each of the Investors, as applicable, each of its officers, directors and partners, and each person controlling each of the Investors, with respect to each registration which has been effected pursuant to this Section 1, and each underwriter, if any, and each person who controls any underwriter, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse each of the Investors, each of its officers, directors and partners, and each person controlling each of the Investors, each such underwriter and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by the Investors with respect to the Investors or underwriter with respect to such underwriter and stated to be specifically for use therein.

(ii) Each of the Investors will, if Registrable Securities held by such Investor are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors and officers and each

underwriter, if any, of the Company's securities covered by such a registration statement, and each person who controls the Company or such underwriter within the meaning of the Securities Act and the rules and regulations thereunder against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact with respect to the Investors contained in any such registration statement, prospectus, offering circular or other document made by the Investors, or any omission (or alleged omission) to state therein a material fact with respect to the Investors required to be stated therein or necessary to make the statements by the Investors therein not misleading, and will reimburse the Company and such directors, officers, partners, persons, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by the Investors with respect to the Investors and stated to be specifically for use therein; provided, however, that the obligations of the Investors hereunder shall be limited to an amount equal to the proceeds to the Investors of securities sold as contemplated herein.

(iii) Each party entitled to indemnification under this Section 1(e) (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld) and the Indemnified Party may participate in such defense at such party's expense (unless the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Indemnifying Party), and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 1 unless the Indemnifying Party is materially prejudiced thereby. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(iv) If the indemnification provided for in this Section 1(e) is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage or expense referred to herein, then the Indemnifying Party, in lieu

of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(v) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with any underwritten public offering contemplated by this Agreement are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall be controlling.

(vi) The foregoing indemnity agreement of the Company and the Investors is subject to the condition that, insofar as they relate to any loss, claim, liability or damage made in a preliminary prospectus but eliminated or remedied in the amended prospectus on file with the Commission at the time the registration statement in question becomes effective or the amended prospectus filed with the Commission pursuant to Commission Rule 424(b) (the "Final Prospectus"), such indemnity agreement shall not inure to the benefit of any underwriter if a copy of the Final Prospectus was furnished to the underwriter and was not furnished to the person asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act.

(vii) Any indemnification payments required to be made to an Indemnified Party under this Section 1(e) shall be made as the related claims, losses, damages, liabilities or expenses are incurred.

(f) Information by the Investor. Each of the Investors shall furnish to the Company such information regarding the Investor and the distribution proposed by such Investor as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Section 1. In addition, the PT Investments shall from time to time notify the Company of any sales made under any shelf registration hereunder, and shall promptly notify the Company when it has sold all of the shares covered by any such registration statement. The Investors shall not be required, in connection with any underwriting arrangements entered into in connection with any registration, to provide any information, representations or warranties, or covenants with respect to the Company, its business or its operations and the Investors shall not be required to provide any indemnification with respect to any registration statement except as specifically provided for in Section 1(e)(ii) hereof.

(g) Rule 144 Reporting.

With a view to making available the benefits of certain rules and regulations of the Commission which may permit the sale of the restricted securities to the public without registration, the Company agrees to:

(A) make and keep public information available as those terms are understood and defined in Rule 144, at all times from and after 90 days after the date hereof;

(B) use its best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times that it is subject to such reporting requirements; and

(C) so long as the Investor owns any Registrable Securities, furnish to the Investor upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144, and of the Securities Act and the Exchange Act (it is subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as the Investor may reasonably request in availing itself of any rule or regulation of the Commission allowing the Investor to sell any such securities without registration.

(h) "Market Stand-off" Agreement. Each of the Investors agrees, if requested by the Company and an underwriter of Common Shares (or other securities) of the Company, not to sell or otherwise transfer or dispose of any Common Shares (or other securities) of the Company held by the Investors during the 90-day period following the effective date of a registration statement of the Company filed under the Securities Act; provided, that all officers and directors of the Company enter into similar agreements on terms no more favorable than the Investors and such agreements have not been waived; and provided, further that the Investors shall not be required to restrict the transfer of up to 500,000 Common Shares covered by a shelf registration pursuant to Section 1(c) above or otherwise eligible for sale in the public market.

If requested by the underwriters, the Investors shall execute a separate agreement to the foregoing effect. The Company may impose stop-transfer instructions with respect to the Common Shares (or other securities) subject to the foregoing restriction until the end of said 90-day period. The provisions of this Section 1(h) shall be binding upon any transferee who acquires Registrable Securities, whether or not such transferee is entitled to the registration rights provided hereunder.

## SECTION 2. OBSERVATION RIGHTS.

For so long as PT Investments owns at least 741,229 Common Shares, PT Investments shall have the right to designate a representative, acceptable to the Company (which acceptance shall not be unreasonably withheld), to attend all meetings of the Board and any committees thereof in a nonvoting-observer capacity and the Company shall give such representative copies of all minutes, consents and other material it provides to its directors; provided, however, that such representative shall agree to hold in confidence and trust all information so provided; and

provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel. The Company shall reimburse the reasonable out-of-pocket expenses incurred by PT Investments' designee in connection with traveling to and attending meetings of the Company's Board.

### SECTION 3. MISCELLANEOUS.

(a) Assignability. This Agreement shall be binding upon and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

(b) Notices. All communications under this Agreement shall be in writing and shall be delivered by hand or mailed by overnight courier or by registered or certified mail, postage prepaid:

(A) if to either of the Investors at c/o GE Asset Management Incorporated, 3003 Summer Street, Stamford, Connecticut 06905, Attention: Controller to Alternative Investments, with copies to: Associate General Counsel to Alternative Investments and GE Investment, 2029 Century Park East, Suite 1230, Los Angeles, California 90067, or at such other address as PT Investment may have furnished the Company in writing;

(B) if to the Company, at its offices, currently Renaissance House, East Broadway, Pembroke HMGX, Bermuda, marked for the attention of the President, with a copy to the Secretary of the Company, or at such other address as it may have furnished in writing to each of the Institutional Investors, with a copy to: Willkie Farr & Gallagher, 787 Seventh Avenue, New York, New York 10019, Attention: John S. D'Alimonte.

(ii) Any notice so addressed shall be deemed to be given: if delivered by hand, on the date of such delivery; if mailed by courier, on the first business day following the date of such mailing; and if mailed by registered or certified mail, on the third business day after the date of such mailing.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(d) Entire Agreement; Termination. This Agreement constitutes the entire understanding of the parties hereto with respect to the matters to which it relates and supercedes all prior understandings among such parties with respect to such matters, including without limitation the Amended and Restated Registration Rights Agreement (the "Old Registration Rights Agreement") and the Amended and Restated Shareholders Agreement (the "Old Shareholders Agreement"), both dated as of March 23, 1998, by and among the parties signatory to this Agreement, Warburg, Pincus Investors, L.P., GE Investment Private Placement Partners I-Insurance, Limited Partnership, United States Fidelity and Guaranty Company, and for the Old Registration Rights Agreement only, the individuals whose names and addresses appear on Schedule I thereto. This Agreement may be amended, and the observance of any term of this

Agreement may be waived, with (and only with) the written consent of the Company and the Investors.

PT Investments and the Company hereby each irrevocably terminate all rights, obligations and covenants relating to or arising out of each of the Old Registration Rights Agreement and the Old Shareholders Agreement, effective immediately. Following such termination, neither party hereto shall have any surviving rights, duties or obligations of any kind whatsoever pursuant to or arising out of such terminated agreements.

(e) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the Company and the Investors have executed this Agreement effective for all purposes as of the date first written above.

RENAISSANCERE HOLDINGS LTD.

By: /s/ James N. Stanard

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Name: James N. Stanard  
Title: Chairman, President and Chief  
Executive Officer

By: /s/ John M. Lummis

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Name: John M. Lummis  
Title: Executive Vice President and Chief  
Financial Officer

PT INVESTMENTS, INC.

By: /s/ Michael M. Pastore

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Name: Michael M. Pastore  
Title: Vice President

KINGSWAY PT LIMITED PARTNERSHIP

BY: Kingsway One PT Corporation

By: /s/ Michael M. Pastore

-----  
Name: Michael M. Pastore  
Title: Vice President



# SCHEDULE I

INVESTOR - - - - -	NUMBER OF SHARES HELD - - - - -
PT Investments, Inc.	1,448,504 Diluted Voting Common Shares
Kingway PT Limited Partnership	323,700 Full Voting Common Shares