RENAISSANCERE HOLDINGS LTD
Form 10-Q
July 27, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

OR

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

For the transition period from ______ to ______

Commission File No. 001-14428

RENAISSANCERE HOLDINGS LTD.

(Exact name of registrant as specified in its charter)

Bermuda	**98-014-1974**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

Renaissance House, 12 Crow Lane, Pembroke HM 19 Bermuda

(Address of principal executive offices)

(441) 295-4513

(Registrant s telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of outstanding shares of RenaissanceRe Holdings Ltd. s common shares, par value US $1.00 per share, as of July 22, 2011 was 51,745,412.

Total number of pages in this report: 96

RenaissanceRe Holdings Ltd.

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Balance Sheets

(in thousands of United States Dollars)

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Assets		
Fixed maturity investments trading, at fair value		
(Amortized cost $3,823,651 and $3,859,442 at June 30, 2011 and December 31, 2010, respectively)	$ 3,864,205	$ 3,871,780
Fixed maturity investments available for sale, at fair value		
(Amortized cost $184,912 and $225,549 at June 30, 2011 and December 31, 2010, respectively)	202,769	244,917
Short term investments, at fair value	774,421	1,110,364
Equity investments trading, at fair value (Cost $32,676 at June 30, 2011)	32,252	
Other investments, at fair value	839,643	787,548
Investments in other ventures, under equity method	82,197	85,603
Total investments	5,795,487	6,100,212
Cash and cash equivalents	237,737	277,738
Premiums receivable	933,519	322,080
Prepaid reinsurance premiums	245,676	60,643
Reinsurance recoverable	333,245	101,711
Accrued investment income	36,266	34,560
Deferred acquisition costs	90,858	35,648
Receivable for investments sold	257,075	99,226
Other secured assets		14,250
Other assets	219,226	205,373
Goodwill and other intangibles	14,383	14,690
Assets of discontinued operations held for sale	2,868	872,147
Total assets	$ 8,166,340	$ 8,138,278
Liabilities, Noncontrolling Interests and Shareholders Equity		
Liabilities		
Reserve for claims and claim expenses	$ 2,170,728	$ 1,257,843
Unearned premiums	830,939	286,183
Debt	349,201	549,155
Reinsurance balances payable	403,152	318,024
Payable for investments purchased	102,545	195,383
Other secured liabilities		14,000
Other liabilities	152,853	222,310
Liabilities of discontinued operations held for sale	10,220	598,511
Total liabilities	4,019,638	3,441,409

Commitments and Contingencies

Redeemable noncontrolling interest - DaVinciRe	628,001	757,655
Shareholders Equity		
Preference shares	550,000	550,000
Common shares	51,753	54,110
Additional paid-in capital	5,768	
Accumulated other comprehensive income	18,031	19,823
Retained earnings	2,889,719	3,312,392
Total shareholders equity attributable to RenaissanceRe	3,515,271	3,936,325
Noncontrolling interest	3,430	2,889
Total shareholders equity	3,518,701	3,939,214
Total liabilities, noncontrolling interest and shareholders equity	$ 8,166,340	$ 8,138,278

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Operations

For the three and six months ended June 30, 2011 and 2010

(in thousands of United States Dollars, except per share amounts)

(Unaudited)

	Three months ended		Six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Revenues				
Gross premiums written	$ 641,563	$ 506,540	$ 1,252,068	$ 1,022,551
Net premiums written	$ 427,995	$ 329,334	$ 880,570	$ 736,493
Increase in unearned premiums	(210,820)	(117,163)	(357,854)	(273,669)
Net premiums earned	217,175	212,171	522,716	462,824
Net investment income	33,328	26,173	93,609	91,882
Net foreign exchange losses	(4,521)	(609)	(3,861)	(11,951)
Equity in earnings (losses) of other ventures	5,128	3,160	(18,625)	5,316
Other (loss) income	(5,167)	(3,742)	44,978	(9,933)
Net realized and unrealized gains on investments	34,979	70,051	29,765	118,251
Total other-than-temporary impairments		(798)		(831)
Portion recognized in other comprehensive income, before taxes		2		2
Net other-than-temporary impairments		(796)		(829)
Total revenues	280,922	306,408	668,582	655,560
Expenses				
Net claims and claim expenses incurred	151,261	(18,803)	779,798	78,537
Acquisition expenses	13,883	23,580	46,218	50,015
Operational expenses	42,299	38,040	84,129	83,190
Corporate expenses	4,011	4,493	6,075	9,802
Interest expense	5,730	6,206	11,925	9,362
Total expenses	217,184	53,516	928,145	230,906
Income (loss) from continuing operations before taxes	63,738	252,892	(259,563)	424,654
Income tax benefit	1,773	958	1,825	3,921
Income (loss) from continuing operations	65,511	253,850	(257,738)	428,575
(Loss) income from discontinued operations	(10,094)	18,881	(11,620)	30,328
Net income (loss)	55,417	272,731	(269,358)	458,903
Net (income) loss attributable to noncontrolling interests	(21,903)	(51,915)	63,589	(62,465)
Net income (loss) attributable to RenaissanceRe	33,514	220,816	(205,769)	396,438
Dividends on preference shares	(8,750)	(10,575)	(17,500)	(21,150)

Net income (loss) available (attributable) to RenaissanceRe common shareholders	$ 24,764	$ 210,241	$ (223,269)	$ 375,288
Income (loss) from continuing operations available (attributable) to RenaissanceRe common shareholders per common share - basic	$ 0.68	$ 3.35	$ (4.16)	$ 5.89
(Loss) income from discontinued operations (attributable) available to RenaissanceRe common shareholders per common share - basic	(0.20)	0.34	(0.23)	0.53
Net income (loss) available (attributable) to RenaissanceRe common shareholders per common share - basic	$ 0.48	$ 3.69	$ (4.39)	$ 6.42
Income (loss) from continuing operations available (attributable) to RenaissanceRe common shareholders per common share - diluted (1)	$ 0.68	$ 3.32	$ (4.16)	$ 5.84
(Loss) income from discontinued operations (attributable) available to RenaissanceRe common shareholders per common share - diluted (1)	(0.20)	0.34	(0.23)	0.53
Net income (loss) available (attributable) to RenaissanceRe common shareholders per common share - diluted (1)	$ 0.48	$ 3.66	$ (4.39)	$ 6.37
Dividends per common share	$ 0.26	$ 0.25	$ 0.52	$ 0.50

(1) Earnings per share calculations use average common shares outstanding - basic, when in a net loss position, as required by FASB ASC Topic *Earnings per Share*.

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Changes in Shareholders Equity

For the six months ended June 30, 2011 and 2010

(in thousands of United States Dollars)

(Unaudited)

	Six months ended June 30, 2011	Six months ended June 30, 2010
Preference shares		
Balance - January 1	$ 550,000	$ 650,000
Balance - June 30	550,000	650,000
Common shares		
Balance - January 1	54,110	61,745
Repurchase of shares	(2,655)	(7,417)
Exercise of options and issuance of restricted stock and awards	298	544
Balance - June 30	51,753	54,872
Additional paid-in capital		
Balance - January 1		
Repurchase of shares	546	(17,979)
Change in redeemable noncontrolling interest - DaVinciRe	(143)	5,267
Exercise of options and issuance of restricted stock and awards	5,365	12,712
Balance - June 30	5,768	
Accumulated other comprehensive income		
Balance - January 1	19,823	41,438
Change in net unrealized gains on fixed maturity investments available for sale	(1,792)	(19,283)
Portion of other-than-temporary impairments recognized in other comprehensive income		(2)
Balance - June 30	18,031	22,153
Retained earnings		
Balance - January 1	3,312,392	3,087,603
Net (loss) income	(269,358)	458,903
Net loss (income) attributable to noncontrolling interests	63,589	(62,465)
Repurchase of shares	(172,683)	(385,939)
Dividends on common shares	(26,721)	(28,735)
Dividends on preference shares	(17,500)	(21,150)
Balance - June 30	2,889,719	3,048,217

Noncontrolling interest	3,430	
Total shareholders equity	$ 3,518,701	$ 3,775,242

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

For the three and six months ended June 30, 2011 and 2010

(in thousands of United States Dollars)

(Unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Comprehensive income (loss)				
Net income (loss)	$ 55,417	$ 272,731	$ (269,358)	$ 458,903
Change in net unrealized gains on fixed maturity investments available for sale	(1,817)	(10,178)	(1,798)	(19,107)
Portion of other-than-temporary impairments recognized in other comprehensive income		(2)		(2)
Comprehensive income (loss)	53,600	262,551	(271,156)	439,794
Net (income) loss attributable to noncontrolling interests	(21,903)	(51,915)	63,589	(62,465)
Change in net unrealized gains on fixed maturity investments available for sale attributable to noncontrolling interests	3	1,562	6	(176)
Comprehensive (income) loss attributable to redeemable noncontrolling interest - DaVinciRe	(21,900)	(50,353)	63,595	(62,641)
Comprehensive income (loss) attributable to RenaissanceRe	$ 31,700	$ 212,198	$ (207,561)	$ 377,153
Disclosure regarding net unrealized gains				
Total realized and net unrealized holding gains on fixed maturity investments available for sale and net other-than-temporary impairments	$ 1,292	$ 7,412	$ 902	$ 41,616
Net realized (gains) losses on fixed maturity investments available for sale	(3,106)	(16,824)	(2,694)	(61,728)
Net other-than-temporary impairments recognized in earnings		796		829
Change in net unrealized gains on fixed maturity investments available for sale	$ (1,814)	$ (8,616)	$ (1,792)	$ (19,283)

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2011 and 2010

(in thousands of United States dollars)

(Unaudited)

	Six months ended	
	June 30, 2011	**June 30, 2010**
Cash flows provided by operating activities		
Net (loss) income	$ (269,358)	$ 458,903
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Amortization, accretion and depreciation	17,249	26,703
Equity in undistributed losses of other ventures	21,355	7,601
Net realized and unrealized gains on fixed maturity investments	(29,765)	(119,704)
Net other-than-temporary impairments		829
Net unrealized gains included in net investment income	(22,270)	(5,693)
Net unrealized (gains) losses included in other income (loss)	(63,141)	13,212
Change in:		
Premiums receivable	(611,439)	(431,669)
Prepaid reinsurance premiums	(185,033)	(184,444)
Reinsurance recoverable	(231,534)	14,400
Deferred acquisition costs	(55,210)	(38,855)
Reserve for claims and claim expenses	912,885	(19,923)
Unearned premiums	544,756	548,341
Reinsurance balances payable	85,128	25,343
Other	(82,627)	(6,526)
Net cash provided by operating activities	30,996	288,518
Cash flows provided by investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	2,879,215	3,583,799
Purchases of fixed maturity investments trading	(2,811,678)	(6,621,127)
Proceeds from sales and maturities of fixed maturity investments available for sale	48,135	3,158,885
Purchases of fixed maturity investments available for sale	(4,078)	(316,717)
Purchases of equity investments trading	(32,676)	
Net sales of short term investments	50,852	209,998
Net (purchases) sales of other investments	(23,881)	66,639
Net purchases of investments in other ventures	(21,000)	
Net sales of other assets	46,984	2,729
Net proceeds from sale of discontinued operations held for sale	269,520	
Net cash provided by investing activities	401,393	84,206
Cash flows used in financing activities		
Dividends paid - RenaissanceRe common shares	(26,721)	(28,735)

Dividends paid - preference shares	(17,500)	(21,150)
RenaissanceRe common share repurchases	(174,792)	(411,335)
Third party DaVinciRe share transactions	(56,708)	(131,370)
Net repayment of debt	(200,000)	
Issuance of 5.75% Senior Notes		249,046
Net cash used in financing activities	(475,721)	(343,544)
Effect of exchange rate changes on foreign currency cash	3,331	(4,842)
Net (decrease) increase in cash and cash equivalents	(40,001)	24,338
Net increase in cash and cash equivalents of discontinued operations		(7,151)
Cash and cash equivalents, beginning of period	277,738	203,112
Cash and cash equivalents, end of period	$ 237,737	$ 220,299

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(Expressed in U.S. Dollars) (Unaudited)

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States (GAAP) for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. Except as discussed in Note 2. Discontinued Operations, and unless otherwise noted, the notes to the consolidated financial statements reflect the Company s continuing operations.

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 materially from those estimates. The major estimates reflected in the Company s consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses, reinsurance recoverables, including allowances for reinsurance recoverables deemed uncollectible, estimates of written and earned premiums, fair value, including the fair value of investments, financial instruments and derivatives, impairment charges and the Company s net deferred tax asset.

This report on Form 10-Q should be read in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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

Renaissance Reinsurance Ltd. (Renaissance Reinsurance), the Company s principal reinsurance subsidiary, provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.

The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, which principally include Top Layer Reinsurance Ltd. (Top Layer Re), recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. (DaVinci). Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of, DaVinci s parent, DaVinciRe Holdings Ltd. (DaVinciRe), the results of DaVinci and DaVinciRe are consolidated in the Company s financial statements. Redeemable noncontrolling interest DaVinciRe represents the interests of external parties with respect to the net income (loss) and shareholders equity of DaVinciRe. Renaissance Underwriting Managers Ltd. (RUM), a wholly owned subsidiary, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.

RenaissanceRe Syndicate 1458 (Syndicate 1458) is the Company s Lloyd s syndicate which was licensed to start writing certain lines of insurance and reinsurance business effective June 1, 2009. RenaissanceRe Corporate Capital (UK) Limited (RenaissanceRe CCL), a wholly owned subsidiary of the Company, is Syndicate 1458 s sole corporate member and RenaissanceRe Syndicate Management Ltd. (RSML), a wholly owned subsidiary of the Company from November 2, 2009, is the managing agent for Syndicate 1458.

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The Company, through Renaissance Trading Ltd. (Renaissance Trading) and RenRe Energy Advisors Ltd. (REAL), transacts certain derivative-based risk management products primarily to address weather and energy risk and engages in hedging and trading activities related to those transactions.

On November 18, 2010, the Company entered into a definitive stock purchase agreement (the Stock Purchase Agreement) with QBE Holdings, Inc. (QBE) to sell substantially all of its U.S.-based insurance operations including its U.S. property and casualty business underwritten through managing general agents, its crop insurance business underwritten through Agro National Inc. (Agro National), its commercial property insurance operations and its claims operations. At December 31, 2010, the Company classified the assets and liabilities associated with this transaction as held for sale. The financial results for these operations have been presented in the Company s consolidated financial statements as discontinued operations for all periods presented. On March 4, 2011, the Company and QBE closed the transaction contemplated by the Stock Purchase Agreement. Refer to Note 2. Discontinued Operations, for more information. Insurance policies previously written in connection with the Company s Bermuda-based insurance operations not sold to QBE are included in the Company s continuing operations and are included in the Company s Insurance segment.

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

NOTE 2. DISCONTINUED OPERATIONS

U.S.-Based Insurance Operations

On November 18, 2010, the Company entered into a Stock Purchase Agreement with QBE to sell substantially all of its U.S.-based insurance operations**,** including its U.S. property and casualty business underwritten through managing general agents, its crop insurance business underwritten through Agro National, its commercial property insurance operations and its claims operations. At December 31, 2010, the Company classified the assets and liabilities associated with this transaction as held for sale and the assets and liabilities were recorded at the lower of the carrying value or fair value less costs to sell. The financial results for these operations have been presented as discontinued operations in the Company s consolidated statements of operations for all periods presented.

Consideration for the transaction was book value at December 31, 2010, for the aforementioned businesses, payable in cash at closing and subject to adjustment for certain tax and other items. The transaction closed on March 4, 2011 and net consideration of $269.5 million was received by the Company.

Pursuant to the Stock Purchase Agreement, the Company is subject to a post-closing review following December 31, 2011 of the net reserve for claims and claim expenses for loss events occurring on or prior to December 31, 2010 (the Reserve Collar). Subsequent to the post-closing review, the Company is liable to pay, or otherwise reimburse QBE amounts up to $10.0 million for net adverse development on prior accident years net claims and claim expenses. Conversely, if prior accident years net claims and claim expenses experience net favorable development, QBE is liable to pay, or otherwise reimburse the Company amounts up to $10.0 million.

During the second quarter of 2011, the Company recognized a $10.0 million liability and corresponding expense related to the Reserve Collar. The $10.0 million represents the maximum amount payable under the Reserve Collar. The Company will continue to evaluate any favorable or adverse developments relating to the Reserve Collar quarterly pursuant to the terms of the Stock Purchase Agreement with QBE.

NOTE 3. CEDED REINSURANCE

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

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

Three months ended June 30, **(in thousands of U.S. dollars)**	**2011**	**2010**
Premiums written		
Direct	$ 9,309	$ 2,586
Assumed	632,254	503,954
Ceded	(213,568)	(177,206)
Net premiums written	$ 427,995	$ 329,334
Premiums earned		
Direct	$ 4,033	$ 1,159
Assumed	306,757	285,689
Ceded	(93,615)	(74,677)
Net premiums earned	$ 217,175	$ 212,171
Claims and claim expenses		
Gross claims and claim expenses incurred	$ 164,670	$ (27,746)
Claims and claim expenses recovered	(13,409)	8,943
Net claims and claim expenses incurred	$ 151,261	$ (18,803)

Six months ended June 30, **(in thousands of U.S. dollars)**	**2011**	**2010**
Premiums written		
Direct	$ 15,561	$ 4,079
Assumed	1,236,507	1,018,472
Ceded	(371,498)	(286,058)
Net premiums written	$ 880,570	$ 736,493
Premiums earned		
Direct	$ 6,515	$ 1,720
Assumed	701,292	615,239
Ceded	(185,091)	(154,135)
Net premiums earned	$ 522,716	$ 462,824
Claims and claim expenses		
Gross claims and claim expenses incurred	$ 1,027,993	$ 106,379
Claims and claim expenses recovered	(248,195)	(27,842)
Net claims and claim expenses incurred	$ 779,798	$ 78,537

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NOTE 4. EARNINGS PER SHARE

The Company accounts for its weighted average shares in accordance with FASB ASC Topic *Earnings per Share*. Basic earnings per common share is based on weighted average common shares and excludes any dilutive effects of stock options and restricted stock. Diluted earnings per common share assumes the exercise of all dilutive stock options and restricted stock grants. In accordance with FASB ASC Topic *Earnings per Share*, earnings per share calculations use average common shares outstanding basic, when the Company is in a net loss position for the period.

The following tables set forth the computation of basic and diluted earnings per common share:

Three months ended June 30, **(in thousands of U.S. dollars, except per share data)**	**2011**	**2010**
Numerator:		
Net income available to RenaissanceRe common shareholders	$ 24,764	$ 210,241
Amount allocated to participating common shareholders (1)	(461)	(5,322)
	$ 24,303	$ 204,919
Denominator (in thousands):		
Denominator for basic income per RenaissanceRe common share -		
Weighted average common shares	50,493	55,538
Per common share equivalents of employee stock options and restricted shares	557	506
Denominator for diluted income per RenaissanceRe common share -		
Adjusted weighted average common shares and assumed conversions	51,050	56,044
Basic income per RenaissanceRe common share	$ 0.48	$ 3.69
Diluted income per RenaissanceRe common share	$ 0.48	$ 3.66

(1) Represents earnings attributable to holders of unvested restricted shares issued under the Company s 2001 Stock Incentive Plan and Non-Employee Director Stock Incentive Plan.

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Six months ended June 30, (in thousands of U.S. dollars, except per share data)	2011	2010
Numerator:		
Net (loss) income (attributable) available to RenaissanceRe common shareholders	$ (223,269)	$ 375,288
Amount allocated to participating common shareholders (1)	(514)	(9,486)
	$ (223,783)	$ 365,802
Denominator (in thousands):		
Denominator for basic (loss) income per RenaissanceRe common share -		
Weighted average common shares	50,994	56,972
Per common share equivalents of employee stock options and restricted shares		493
Denominator for diluted (loss) income per RenaissanceRe common share -		
Adjusted weighted average common shares and assumed conversions (2)	50,994	57,465
Basic (loss) income per RenaissanceRe common share	$ (4.39)	$ 6.42
Diluted (loss) income per RenaissanceRe common share (2)	$ (4.39)	$ 6.37

(1) Represents earnings attributable to holders of unvested restricted shares issued under the Company s 2001 Stock Incentive Plan and Non-Employee Director Stock Incentive Plan.

(2) Earnings per share calculations use average common shares outstanding - basic, when in a net loss position, as required by the FASB ASC Topic *Earnings Per Share*.

NOTE 5. DIVIDENDS AND COMMON SHARE REPURCHASES

The Board of Directors of RenaissanceRe declared, and RenaissanceRe paid, a dividend of $0.26 per common share to shareholders of record on each of March 15 and June 15, 2011, respectively.

On May 18, 2011, the Board of Directors approved an increase in the Company s authorized share repurchase program to an aggregate amount of $500.0 million. Unless terminated earlier by resolution of the Company s Board of Directors, the program will expire when the Company has repurchased the full value of the shares authorized. The Company repurchased 2.7 million shares in open market transactions during the three months ended March 31, 2011, at an aggregate cost of $174.8 million and at an average share price of $65.84. The Company did not repurchase any shares during the three months ended June 30, 2011. Future repurchases of common shares will depend on, among other matters, the market price of the common shares and the capital requirements of the Company. See Part II, Item 2 Unregistered Sales of Equity Securities and Use of Proceeds for additional information.

NOTE 6. SEGMENT REPORTING

The Company has three reportable segments: Reinsurance, Lloyd s and Insurance.

The Company s Reinsurance operations are comprised of: 1) property catastrophe reinsurance, primarily written through Renaissance Reinsurance and DaVinci; 2) specialty reinsurance, primarily written through Renaissance Reinsurance and DaVinci; and 3) certain property catastrophe and specialty joint ventures, as described herein. The Reinsurance segment is managed by the Global Chief Underwriting Officer, who leads a team of underwriters, risk modelers and other industry professionals, who have access to the Company s proprietary risk management, underwriting and modeling resources and tools.

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The Company s Lloyd s segment includes reinsurance and insurance business written through Syndicate 1458. Syndicate 1458 started writing certain lines of insurance and reinsurance business incepting on or after June 1, 2009. The syndicate was established to enhance the Company s underwriting platform by providing access to Lloyd s extensive distribution network and worldwide licenses and is managed by the Chief Underwriting Officer Lloyd s. RenaissanceRe Corporate Capital (UK) Limited (RenaissanceRe CCL), an indirect wholly owned subsidiary of the Company, is the sole corporate member of Syndicate 1458.

The Company s Insurance segment includes the operations of the Company s former Insurance segment that were not sold pursuant to the Stock Purchase Agreement with QBE, as discussed in Note 1. Organization and Basis of Presentation . The Insurance segment is managed by the Global Chief Underwriting Officer. The Insurance business is written by Glencoe Insurance Ltd. (Glencoe). Glencoe is a Bermuda domiciled excess and surplus lines insurance company that is currently eligible to do business on an excess and surplus lines basis in 49 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

The financial results of the Company s strategic investments, weather and energy risk management operations and noncontrolling interests are included in the Other category of the Company s segment results. Also included in the Other category of the Company s segment results are the Company s investments in other ventures, investments unit, corporate expenses and capital servicing costs.

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

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

Three months ended June 30, 2011	**Reinsurance**	**Lloyd s**	**Insurance**	**Eliminations**	**Other**	**Total**
Gross premiums written	$ 607,404	$ 34,126	$ 33	$	$	$ 641,563
Net premiums written	$ 395,856	$ 32,084	$ 55			$ 427,995
Net premiums earned	$ 199,461	$ 17,233	$ 481			$ 217,175
Net claims and claim expenses incurred	143,219	8,619	(577)			151,261
Acquisition expenses	10,431	3,305	147			13,883
Operational expenses	32,901	8,635	763			42,299
Underwriting income (loss)	$ 12,910	$ (3,326)	$ 148			9,732
Net investment income					33,328	33,328
Net foreign exchange losses					(4,521)	(4,521)
Equity in earnings of other ventures					5,128	5,128
Other loss					(5,167)	(5,167)
Net realized and unrealized gains on investments					34,979	34,979
Corporate expenses					(4,011)	(4,011)
Interest expense					(5,730)	(5,730)
Income from continuing operations before taxes						63,738
Income tax benefit					1,773	1,773
Loss from discontinued operations					(10,094)	(10,094)
Net income attributable to noncontrolling interests					(21,903)	(21,903)
Dividends on preference shares					(8,750)	(8,750)
Net income available to RenaissanceRe common shareholders						$ 24,764
Net claims and claim expenses incurred - current accident year	$ 162,398	$ 9,612	$ (78)			$ 171,932
Net claims and claim expenses incurred - prior accident years	(19,179)	(993)	(499)			(20,671)

Net claims and claim expenses incurred - total	$ 143,219	$ 8,619	$ (577)	$ 151,261
Net claims and claim expense ratio - current accident year	81.4%	55.8%	(16.2%)	79.2%
Net claims and claim expense ratio - prior accident years	(9.6%)	(5.8%)	(103.8%)	(9.6%)
Net claims and claim expense ratio - calendar year	71.8%	50.0%	(120.0%)	69.6%
Underwriting expense ratio	21.7%	69.3%	189.2%	25.9%
Combined ratio	93.5%	119.3%	69.2%	95.5%

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Three months ended June 30, 2010	Reinsurance	Lloyd s	Insurance	Eliminations (1)	Other	Total
Gross premiums written	$ 496,517	$ 34,841	$ (3,742)	$ (21,076)	$	$ 506,540
Net premiums written	$ 319,000	$ 32,330	$ (21,996)			$ 329,334
Net premiums earned	$ 198,223	$ 16,630	$ (2,682)			$ 212,171
Net claims and claim expenses incurred	(30,332)	7,752	3,777			(18,803)
Acquisition expenses	17,941	3,172	2,467			23,580
Operational expenses	29,869	4,953	3,218			38,040
Underwriting income (loss)	$ 180,745	$ 753	$ (12,144)			169,354
Net investment income					26,173	26,173
Net foreign exchange losses					(609)	(609)
Equity in earnings of other ventures					3,160	3,160
Other loss					(3,742)	(3,742)
Net realized and unrealized gains on fixed maturity investments					70,051	70,051
Net other-than-temporary impairments					(796)	(796)
Corporate expenses					(4,493)	(4,493)
Interest expense					(6,206)	(6,206)
Income from continuing operations before taxes						252,892
Income tax benefit					958	958
Income from discontinued operations					18,881	18,881
Net income attributable to redeemable noncontrolling interest - DaVinciRe					(51,915)	(51,915)
Dividends on preference shares					(10,575)	(10,575)
Net income available to RenaissanceRe common shareholders						$ 210,241
Net claims and claim expenses incurred - current accident year	$ 50,994	$ 7,814	$ 2,627			$ 61,435
Net claims and claim expenses incurred - prior accident years	(81,326)	(62)	1,150			(80,238)
Net claims and claim expenses incurred - total	$ (30,332)	$ 7,752	$ 3,777			$ (18,803)
Net claims and claim expense ratio - current accident year	25.7%	47.0%	NMF			29.0%
Net claims and claim expense ratio -prior accident years	(41.0%)	(0.4%)	NMF			(37.9%)
Net claims and claim expense ratio - calendar year	(15.3%)	46.6%	NMF			(8.9%)
Underwriting expense ratio	24.1%	48.9%	NMF			29.1%
Combined ratio	8.8%	95.5%	NMF			20.2%

(1) Represents $21.0 million and $0.1 million of gross premiums ceded from the Insurance segment to the Lloyd s segment and from the Insurance segment to the Reinsurance segment, respectively.

NMF - Not a meaningful figure.

Six months ended June 30, 2011	Reinsurance	Lloyd s	Insurance	Eliminations (1)	Other	Total
Gross premiums written	$ 1,181,086	$ 70,746	$ 313	$ (77)	$	$ 1,252,068
Net premiums written	$ 819,422	$ 60,821	$ 327			$ 880,570
Net premiums earned	$ 488,890	$ 32,907	$ 919			$ 522,716
Net claims and claim expenses incurred	738,623	39,142	2,033			779,798
Acquisition expenses	40,223	5,766	229			46,218
Operational expenses	65,264	17,607	1,258			84,129
Underwriting loss	$ (355,220)	$ (29,608)	$ (2,601)			(387,429)
Net investment income					93,609	93,609
Net foreign exchange losses					(3,861)	(3,861)
Equity in losses of other ventures					(18,625)	(18,625)
Other income					44,978	44,978
Net realized and unrealized gains on investments					29,765	29,765
Corporate expenses					(6,075)	(6,075)
Interest expense					(11,925)	(11,925)
Loss from continuing operations before taxes						(259,563)
Income tax benefit					1,825	1,825
Loss from discontinued operations					(11,620)	(11,620)
Net loss attributable to noncontrolling interests					63,589	63,589
Dividends on preference shares					(17,500)	(17,500)
Net loss attributable to RenaissanceRe common shareholders						$ (223,269)
Net claims and claim expenses incurred - current accident year	$ 829,760	$ 38,938	$ (69)			$ 868,629
Net claims and claim expenses incurred - prior accident years	(91,137)	204	2,102			(88,831)
Net claims and claim expenses incurred - total	$ 738,623	$ 39,142	$ 2,033			$ 779,798
Net claims and claim expense ratio - current accident year	169.7%	118.3%	(7.5%)			166.2%
Net claims and claim expense ratio - prior accident years	(18.6%)	0.6%	228.7%			(17.0%)
Net claims and claim expense ratio - calendar year	151.1%	118.9%	221.2%			149.2%
Underwriting expense ratio	21.6%	71.1%	161.8%			24.9%
Combined ratio	172.7%	190.0%	383.0%			174.1%

(1) Represents $0.1 million of gross premiums ceded from the Reinsurance segment to the Lloyd s segment.

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Six months ended June 30, 2010	Reinsurance	Lloyd s	Insurance	Eliminations (1)	Other	Total
Gross premiums written	$ 995,102	$ 48,865	$ 685	$ (22,101)	$	$ 1,022,551
Net premiums written	$ 707,658	$ 45,981	$ (17,146)			$ 736,493
Net premiums earned	$ 441,292	$ 23,601	$ (2,069)			$ 462,824
Net claims and claim expenses incurred	68,615	10,339	(417)			78,537
Acquisition expenses	40,600	4,331	5,084			50,015
Operational expenses	63,886	11,087	8,217			83,190
Underwriting income (loss)	$ 268,191	$ (2,156)	$ (14,953)			251,082
Net investment income					91,882	91,882
Net foreign exchange losses					(11,951)	(11,951)
Equity in earnings of other ventures					5,316	5,316
Other loss					(9,933)	(9,933)
Net realized and unrealized gains on fixed maturity investments					118,251	118,251
Net other-than-temporary impairments					(829)	(829)
Corporate expenses					(9,802)	(9,802)
Interest expense					(9,362)	(9,362)
Income from continuing operations before taxes						424,654
Income tax benefit					3,921	3,921
Income from discontinued operations					30,328	30,328
Net income attributable to redeemable noncontrolling interest - DaVinciRe					(62,465)	(62,465)
Dividends on preference shares					(21,150)	(21,150)
Net income available to RenaissanceRe common shareholders						$ 375,288
Net claims and claim expenses incurred - current accident year	$ 255,059	$ 10,500	$ 5,486			$ 271,045
Net claims and claim expenses incurred - prior accident years	(186,444)	(161)	(5,903)			(192,508)
Net claims and claim expenses incurred - total	$ 68,615	$ 10,339	$ (417)			$ 78,537
Net claims and claim expense ratio - current accident year	57.8%	44.5%	NMF			58.6%
Net claims and claim expense ratio - prior accident years	(42.3%)	(0.7%)	NMF			(41.6%)
Net claims and claim expense ratio - calendar year	15.5%	43.8%	NMF			17.0%
Underwriting expense ratio	23.7%	65.3%	NMF			28.8%
Combined ratio	39.2%	109.1%	NMF			45.8%

(1) Represents $21.6 million, $0.2 million and $0.2 million of gross premiums ceded from the Insurance segment to the Lloyd s segment, from the Insurance segment to the Reinsurance segment and from the Reinsurance segment to Lloyd s segment, respectively.

NMF - Not a meaningful figure.

NOTE 7. INVESTMENTS

Fixed Maturity Investments Trading

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

(in thousands of U.S. dollars)	June 30, 2011	December 31, 2010
U.S. treasuries	$ 454,148	$ 761,461
Agencies	189,765	216,963
Non-U.S. government (Sovereign debt)	318,832	157,867
FDIC guaranteed corporate	232,992	388,468
Non-U.S. government-backed corporate	408,057	356,119
Corporate	1,624,819	1,476,029
Agency mortgage-backed	279,354	383,403
Non-agency mortgage-backed	80,046	5,765
Commercial mortgage-backed	260,231	125,705
Asset-backed	15,961	
Total fixed maturity investments trading, at fair value	$ 3,864,205	$ 3,871,780

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Fixed Maturity Investments Available For Sale

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

June 30, 2011 (in thousands of U.S. dollars)	Amortized Cost	Included in Accumulated Other Comprehensive Income: Gross Unrealized Gains	Included in Accumulated Other Comprehensive Income: Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Non-U.S. government (Sovereign debt)	$ 18,914	$ 2,701	$ (17)	$ 21,598	$
Non-U.S. government-backed corporate	1,324	62		1,386	
Corporate	24,310	2,955	(396)	26,869	(1,073)
Agency mortgage-backed	16,002	1,271		17,273	
Non-agency mortgage-backed	22,712	2,879	(56)	25,535	(1,951)
Commercial mortgage-backed	72,931	7,450	(2)	80,379	
Asset-backed	28,719	1,063	(53)	29,729	(598)
Total fixed maturity investments available for sale	$ 184,912	$ 18,381	$ (524)	$ 202,769	$ (3,622)

(1) Represents the non-credit component of other-than-temporary impairments recognized in accumulated other comprehensive income since the adoption of guidance related to the recognition and presentation of other-than-temporary impairments under FASB ASC Topic *Investments - Debt and Equity Securities,* during the second quarter of 2009, adjusted for subsequent sales of securities. It does not include the change in fair value subsequent to the impairment measurement date.

December 31, 2010 (in thousands of U.S. dollars)	Amortized Cost	Included in Accumulated Other Comprehensive Income: Gross Unrealized Gains	Included in Accumulated Other Comprehensive Income: Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Non-U.S. government (Sovereign debt)	$ 23,836	$ 2,830	$ (146)	$ 26,520	$
Non-U.S. government-backed corporate	1,332	53		1,385	
Corporate	33,018	3,768	(404)	36,382	(1,818)
Agency mortgage-backed	17,159	1,245		18,404	
Non-agency mortgage-backed	24,972	3,452	(40)	28,384	(2,063)
Commercial mortgage-backed	86,194	7,570	(29)	93,735	
Asset-backed	39,038	1,124	(55)	40,107	(598)
Total fixed maturity investments available for sale	$ 225,549	$ 20,042	$ (674)	$ 244,917	$ (4,479)

(1) Represents the non-credit component of other-than-temporary impairments recognized in accumulated other comprehensive income since the adoption of guidance related to the recognition and presentation of other-than-temporary impairments under FASB ASC Topic *Investments - Debt and Equity Securities,* during the second quarter of 2009, adjusted for subsequent sales of securities. It does not include

the change in fair value subsequent to the impairment measurement date.

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Contractual maturities of fixed maturity investments are as follows. 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.

June 30, 2011 (in thousands of U.S. dollars)	Trading Amortized Cost	Trading Fair Value	Available for Sale Amortized Cost	Available for Sale Fair Value	Total Fixed Maturity Investments Amortized Cost	Total Fixed Maturity Investments Fair Value
Due in less than one year	$ 199,913	$ 200,894	$ 795	$ 787	$ 200,708	$ 201,681
Due after one through five years	1,952,391	1,970,021	14,889	16,822	1,967,280	1,986,843
Due after five through ten years	886,648	904,978	17,643	18,941	904,291	923,919
Due after ten years	149,902	152,720	11,221	13,303	161,123	166,023
Mortgage-backed	618,843	619,631	111,645	123,187	730,488	742,818
Asset-backed	15,954	15,961	28,719	29,729	44,673	45,690
Total	$ 3,823,651	$ 3,864,205	$ 184,912	$ 202,769	$ 4,008,563	$ 4,066,974

Equity Investments Trading

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

(in thousands of U.S. dollars)	June 30, 2011	December 31, 2010
Financial institution securities	$ 32,252	$

Pledged Investments

At June 30, 2011, $829.7 million of cash and investments at fair value were on deposit with, or in trust accounts for the benefit of various counterparties, including with respect to the Company s principal letter of credit facility. Of this amount, $77.1 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities.

Net Investment Income

The components of net investment income are as follows:

Three months ended June 30, (in thousands of U.S. dollars)	2011	2010
Fixed maturity investments	$ 24,426	$ 28,014
Short term investments	433	682
Equity investments trading	112	
Other investments		
Hedge funds and private equity investments	8,230	8,188
Other	2,838	(8,184)
Cash and cash equivalents	45	22
	36,084	28,722
Investment expenses	(2,756)	(2,549)
Net investment income	$ 33,328	$ 26,173

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Six months ended June 30, (in thousands of U.S. dollars)		2011		2010
Fixed maturity investments	$	52,339	$	56,889
Short term investments		1,028		1,168
Equity investments trading		126		
Other investments				
Hedge funds and private equity investments		31,737		25,724
Other		13,665		13,034
Cash and cash equivalents		86		83
		98,981		96,898
Investment expenses		(5,372)		(5,016)
Net investment income	$	93,609	$	91,882

The Company s net realized and unrealized gains on investments and net other-than-temporary impairments are as follows:

Three months ended June 30, (in thousands of U.S. dollars)		2011		2010
Gross realized gains	$	15,430	$	28,753
Gross realized losses		(4,156)		(5,962)
Net realized gains on fixed maturity investments		11,274		22,791
Net unrealized gains on fixed maturity investments trading		24,728		47,260
Net unrealized losses on equity investments trading		(1,023)		
Net realized and unrealized gains on investments	$	34,979	$	70,051
Total other-than-temporary impairments	$		$	(798)
Portion recognized in other comprehensive income, before taxes				2
Net other-than-temporary impairments	$		$	(796)

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Six months ended June 30, (in thousands of U.S. dollars)	2011	2010
Gross realized gains	$ 25,992	$ 77,601
Gross realized losses	(16,773)	(11,132)
Net realized gains on fixed maturity investments	9,219	66,469
Net unrealized gains on fixed maturity investments trading	20,970	51,782
Net unrealized losses on equity investments trading	(424)	
Net realized and unrealized gains on investments	$ 29,765	$ 118,251
Total other-than-temporary impairments	$	$ (831)
Portion recognized in other comprehensive income, before taxes		2
Net other-than-temporary impairments	$	$ (829)

The following tables provide an analysis of the length of time the Company s fixed maturity investments available for sale in an unrealized loss have been in a continual unrealized loss position.

	Less than 12 Months		12 Months or Greater		Total	
June 30, 2011 (in thousands of U.S. dollars)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Non-U.S. government (Sovereign debt)	$ 756	$ (8)	$ 240	$ (9)	$ 996	$ (17)
Corporate	1,352	(294)	661	(102)	2,013	(396)
Non-agency mortgage-backed	573	(13)	922	(43)	1,495	(56)
Commercial mortgage-backed	493	(2)			493	(2)
Asset-backed			6,370	(53)	6,370	(53)
Total	$ 3,174	$ (317)	$ 8,193	$ (207)	$ 11,367	$ (524)

	Less than 12 Months		12 Months or Greater		Total	
December 31, 2010 (in thousands of U.S. dollars)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Non-U.S. government (Sovereign debt)	$ 2,363	$ (129)	$ 291	$ (17)	$ 2,654	$ (146)
Corporate	2,581	(285)	801	(119)	3,382	(404)
Non-agency mortgage-backed			1,645	(40)	1,645	(40)
Commercial mortgage-backed	2,199	(29)			2,199	(29)
Asset-backed	3,172	(39)	3,196	(16)	6,368	(55)
Total	$ 10,315	$ (482)	$ 5,933	$ (192)	$ 16,248	$ (674)

At June 30, 2011, the Company held 21 fixed maturity investments available for sale securities that were in an unrealized loss position for twelve months or greater. The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities before the anticipated recovery of the remaining amortized cost basis. The Company performed reviews of its investments for the six months ended June 30, 2011 and 2010, respectively, in order to determine whether declines in the fair value below the amortized cost basis of its fixed maturity investments available for sale were considered other-than-temporary in accordance with the applicable guidance, as discussed below.

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Other-Than-Temporary Impairment Process

The Company s process for assessing whether declines in the fair value of its fixed maturity investments available for sale represent impairments that are other-than-temporary includes reviewing each fixed maturity investment available for sale that is impaired and determining: (i) if the Company has the intent to sell the debt security or (ii) if it is more likely than not that the Company will be required to sell the debt security before its anticipated recovery; and (iii) whether a credit loss exists, that is, where the Company expects that the present value of the cash flows expected to be collected from the security are less than the amortized cost basis of the security.

In assessing the Company s intent to sell securities, the Company s procedures may include actions such as discussing planned sales with its third party investment managers, reviewing sales that have occurred shortly after the balance sheet date, and consideration of other qualitative factors that may be indicative of the Company s intent to sell or hold the relevant securities. For the six months ended June 30, 2011, the Company recognized $Nil of other-than-temporary impairments due to the Company s intent to sell securities as of June 30, 2011 (June 30, 2010 - $Nil).

In assessing whether it is more likely than not that the Company will be required to sell a security before its anticipated recovery, the Company considers various factors including its future cash flow forecasts and requirements, legal and regulatory requirements, the level of its cash, cash equivalents, short term investments, fixed maturity investments trading and fixed maturity investments available for sale in an unrealized gain position, and other relevant factors. For the six months ended June 30, 2011, the Company recognized $Nil of other-than-temporary impairments due to required sales (June 30, 2010 - $Nil).

In evaluating credit losses, the Company considers a variety of factors in the assessment of a security including: (i) the time period during which there has been a significant decline below cost; (ii) the extent of the decline below cost and par; (iii) the potential for the security to recover in value; (iv) an analysis of the financial condition of the issuer; (v) the rating of the issuer; (vi) the implied rating of the issuer based on an analysis of option adjusted spreads; (vii) the absolute level of the option adjusted spread for the issuer; and (viii) an analysis of the collateral structure and credit support of the security, if applicable.

Once the Company determines that it is possible that a credit loss may exist for a security, the Company performs a detailed review of the cash flows expected to be collected from the issuer. The Company estimates expected cash flows by applying estimated default probabilities and recovery rates to the contractual cash flows of the issuer, with such default and recovery rates reflecting long-term historical averages adjusted to reflect current credit, economic and market conditions, giving due consideration to collateral and credit support, if applicable, and discounting the expected cash flows at the purchase yield on the security. In instances in which a determination is made that an impairment exists but the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before the anticipated recovery of its remaining amortized cost basis, the impairment is separated into: (i) the amount of the total other-than-temporary impairment related to the credit loss; and (ii) the amount of the total other-than-temporary impairment related to all other factors. The amount of the other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the other-than-temporary impairment related to all other factors is recognized in other comprehensive income. For the six months ended June 30, 2011 and 2010, the Company recognized $Nil and $0.8 million of credit related other-than-temporary impairments, respectively, which were recognized in earnings and $Nil and $2 thousand, respectively, related to other factors.

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The following table provides a rollforward of the amount of other-than-temporary impairments related to credit losses recognized in earnings for which a portion of an other-than-temporary impairment was recognized in accumulated other comprehensive income:

Three months ended June 30, (in thousands of U.S. dollars)	**2011**	**2010**
Balance - April 1	$ 2,875	$ 4,064
Additions:		
Amount related to credit loss for which an other-than-temporary impairment was not previously recognized		
Amount related to credit loss for which an other-than-temporary impairment was previously recognized		39
Reductions:		
Securities sold during the period	(246)	(505)
Securities for which the amount previously recognized in other comprehensive income was recognized in earnings, because the Company intends to sell the security or is more likely than not the Company will be required to sell the security		
Increases in cash flows expected to be collected that are recognized over the remaining life of the security		
Balance - June 30	$ 2,629	$ 3,598

Six months ended June 30, (in thousands of U.S. dollars)	**2011**	**2010**
Balance - January 1	$ 3,098	$ 9,987
Additions:		
Amount related to credit loss for which an other-than-temporary impairment was not previously recognized		