LIME ENERGY CO.
Form 10-Q
May 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2008

o **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 001-16265

LIME ENERGY CO.
(Exact name of registrant as specified in its charter)

Delaware	**36-4197337**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1280 Landmeier Road, Elk Grove Village, Illinois 60007-2410
(Address of principal executive offices, including zip code)
(847) 437-1666
(Registrant s telephone number, including area code)
(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 þ No o

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. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company þ

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

Yes o No þ

7,758,529 shares of the registrant s common stock, $.0001 par value per share, were outstanding as of May 13, 2008.

LIME ENERGY CO.
FORM 10-Q
For The Quarter Ended March 31, 2008
INDEX

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

Lime Energy Co.
Condensed Consolidated Balance Sheets

	March 31, 2008 (unaudited)	December 31, 2007 *(1)*
Assets		
Current Assets		
Cash and cash equivalents	$ 2,319,519	$ 4,780,701
Accounts receivable, net	4,152,772	6,382,060
Inventories	611,937	693,227
Advances to suppliers	423,403	374,713
Costs of uncompleted contracts in excess of related billings	1,096,002	952,997
Prepaid expenses and other	329,294	250,169
Total Current Assets	8,932,927	13,433,867
Net Property and Equipment	1,547,183	1,542,327
Long Term Receivables	270,828	224,568
Deferred Financing Costs	6,174	6,885
Intangibles, net	3,741,205	3,979,052
Goodwill	6,769,193	6,757,133
	$ 21,267,510	$ 25,943,832

Lime Energy Co.
Condensed Consolidated Balance Sheets

	March 31, 2008 (unaudited)	December 31, 2007 *(1)*
Liabilities and Stockholders Equity		
Current Liabilities		
Notes payable	$ 150,000	$ 150,000
Current maturities of long-term debt	81,243	81,954
Accounts payable	1,833,028	3,092,226
Accrued expenses	1,220,082	1,571,683
Deferred revenue	1,266,239	1,531,417
Customer deposits	1,167,761	1,180,834
Total Current Liabilities	5,718,353	7,608,114
Deferred Revenue	195,182	244,792
Long-Term Debt, less current maturities	3,416,452	3,187,680
Deferred Tax Liability	1,034,000	1,034,000
Total Liabilities	10,363,987	12,074,586
Stockholders Equity		
Common stock, $.0001 par value; 200,000,000 shares authorized, 7,752,314 and 7,720,269 issued as of March 31, 2008 and December 31, 2007, respectively	777	773
Additional paid-in capital	107,534,982	106,267,336
Accumulated deficit	(96,632,236)	(92,398,863)
Total Stockholders Equity	10,903,523	13,869,246
	$ 21,267,510	$ 25,943,832

(1) Derived from audited financial statements in the Company s annual report on Form 10-K for the year ended

December 31, 2007

See accompanying notes to condensed consolidated financial statements

Lime Energy Co.
Condensed Consolidated Statements of Operations
(Unaudited)

Three months ended, March 31	2008	2007
Revenue	$ 2,907,479	$ 2,528,547
Cost of sales	2,758,401	2,156,480
Gross profit	149,078	372,067
Selling, general and administrative	3,800,552	3,255,911
Amortization of intangibles	237,847	456,809
Operating loss	(3,889,321)	(3,340,653)
Other income (expense):		
Interest income	43,900	46,112
Interest expense	(387,952)	(16,398)
Total other (expense) income	(344,052)	29,714
Net Loss	(4,233,373)	(3,310,939)
Basic and Diluted Net Loss Per Common Share	$ (0.55)	$ (0.46)
Weighted average common shares outstanding	7,716,491	7,172,382

See accompanying notes to condensed consolidated financial statements

Lime Energy Co.
Condensed Consolidated Statement of Stockholders Equity
(Unaudited)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders Equity
Balance, December 31, 2007	**7,720,269**	**$ 773**	**$ 106,267,336**	**$ (92,398,863)**	**$ 13,869,246**
Share based compensation			955,248		955,248
Satisfaction of interest obligation through issuance of common stock	6,667	1	63,016		63,017
Warrants issued for services received			162,300		162,300
Proceeds from exercise of options and warrants	25,378	3	87,082		87,085
Net loss for the three months ended March 31, 2008				(4,233,373)	(4,233,373)
Balance, March 31, 2008	**7,752,314**	**$ 777**	**$ 107,534,982**	**$ (96,632,236)**	**$ 10,903,523**

See accompanying notes to condensed consolidated financial statements.

Lime Energy Co.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three months ended March 31	2008	2007
Cash Flow from Operating Activities		
Net loss	$ (4,233,373)	$ (3,310,939)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	313,878	489,205
Share based compensation	955,248	780,765
(Recovery) provision of bad debts	(24,306)	3,246
Warrants issued in exchange for services received	162,300	250,500
Provision for inventory obsolescence		47,781
Accrued interest converted to common stock	63,017	
Liquidated damages satisfied through the issuance of common stock		613,708
Warrant repricing		19,204
Amortization of original issue discount	711	
Amortization of deferred financing costs	248,889	
Changes in assets and liabilities, net of dispositions		
Accounts receivable and long term receivables	2,207,334	115,987
Inventories	81,290	(302,345)
Advances to suppliers	(48,690)	3,714
Other current assets	(222,130)	(132,472)
Accounts payable	(1,259,198)	127,860
Accrued expenses	(351,601)	(498,067)
Deferred revenue	(314,788)	(8,040)
Customer deposits	(13,073)	194,087
Net cash used in operating activities	(2,434,492)	(1,605,806)
Cash Flows From Investing Activities		
Acquisition costs	(12,060)	
Purchase of property and equipment	(80,887)	(56,800)
Net cash used in investing activities	(92,947)	(56,800)
Cash Flows From Financing Activities		
Proceeds from long-term debt		33,228
Payment on long-term debt	(20,828)	(12,703)
Proceeds from exercise of options and warrants	87,085	
Costs related to stock issuance		(45,361)
Net provided by (cash used) in financing activities	66,257	(24,836)

Net Decrease in Cash and Cash Equivalents	**(2,461,182)**	**(1,687,442)**
Cash and Cash Equivalents, at beginning of period	**4,780,701**	**4,663,618**
Cash and Cash Equivalents, at end of period	**$ 2,319,519**	**$ 2,976,176**
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 136,572**	**$ 12,219**

See accompanying notes to condensed consolidated financial statements.

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

Note 1 Basis of Presentation

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments), which, in the opinion of management, are necessary for a fair statement of results for the interim periods.

The results of operations for the three months ended March 31, 2008 and 2007 are not necessarily indicative of the results to be expected for the full year.

For further information, refer to the audited financial statements and the related footnotes included in the Lime Energy Co. Annual Report on Form 10-K for the year ended December 31, 2007.

Note 2 Reverse Split

On November 13, 2007, management received the consent of stockholders holding 67.1% of the outstanding shares of the Company s common stock to authorize the Company to effect a reverse stock split of all issued and outstanding shares of our Common Stock in the range of one-for-two to one-for-ten, if at all, as determined in the sole discretion of the Company s Board of Directors. On January 16, 2008, the Company s Board of Directors approved and the Company announced a one-for-seven reverse split of the Company s common stock, effective on January 28, 2008. All share amounts stated herein have been retroactively restated to reflect this reverse split.

Note 3 Stock-Based Compensation

The Company accounts for employee stock options in accordance with Statement of Financial Accounting Standards No. 123(R). This pronouncement requires companies to measure the cost of employee service received in exchange for a share based award (typically stock options) based on the fair value of the award, with expense recognized over the requisite service period, which is generally equal to the vesting period of the option. The Company recognized $955,248 and $780,765 of share based compensation expense related to stock options during the three month periods ended March 31, 2008 and 2007, respectively.

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

The weighted-average, grant-date fair value of stock options granted to employees and the weighted-average significant assumptions used to determine those fair values, using a modified Black-Scholes option pricing model for stock options under Statement of Financial Accounting Standards No. 123R, are as follows:

Three months ended March 31,	**2008**	**2007**
Weighted average fair value per option granted	$ 6.77	$ 4.97
Significant assumptions (weighted average):		
Risk-free rate	3.18%	5.08%
Dividend yield	0.00%	0.00%
Expected volatility	89.2%	89.5%
Expected life (years)	5.4	5.3

The risk-free interest rate is based on the U.S. Treasury Bill rates at the time of grant. The dividend yield reflects the fact that the Company has never paid a dividend on its common stock and does not expect to in the foreseeable future. The Company estimated the volatility of its common stock at the date of grant based on the historical volatility of its stock. The expected term of the options is based on the simplified method as described in the Staff Accounting Bulletin No. 107, which is the average of the vesting term and the original contract term.

Option activity under the Company s stock option plans as of March 31, 2008 and changes during the three months then ended are presented below:

	Shares	**Exercise Price Per Share**		**Weighted Average Exercise Price**
Outstanding at December 31, 2007	**2,170,348**	**$ 6.30**	**$1,363.95**	**$ 23.31**
Granted	**35,267**	**$ 8.70**	**$9.45**	**$ 9.35**
Exercised	**(11,137)**	**$**	**7.14**	**$ 7.14**
Forfeited	**(93,176)**	**$ 7.14**	**$105.00**	**$ 9.10**
Outstanding at March 31, 2008	**2,101,302**	**$ 6.30**	**$1,363.95**	**$ 23.79**
Options exercisable at March 31, 2008	**1,137,612**	**$ 6.30**	**$1,363.95**	**$ 35.84**

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

The following table summarizes information about stock options outstanding at March 31, 2008:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding at March 31, 2008	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at March 31, 2008	Weighted Average Exercise Price
$6.30 $7.00	**548,571**	**8.1 years**	**$ 6.74**	**291,427**	**$ 6.73**
$7.01 $8.50	**818,298**	**7.4 years**	**$ 7.19**	**720,203**	**7.17**
$8.51 $11.00	**35,267**	**9.8 years**	**9.35**	**14,284**	**9.45**
$11.01 $12.00	**585,248**	**9.5 years**	**11.14**	**1,429**	**11.20**
$12.01 $13.50	**3,570**	**9.3 years**	**12.88**		
$13.51 100.00	**14,286**	**7.8 years**	**65.10**	**14,286**	**65.10**
$100.01 $1,363.95	**96,062**	**1.8 years**	**339.06**	**95,983**	**339.25**
	2,101,302	**8.0 years**	**$ 23.79**	**1,137,612**	**$ 35.84**

The aggregate intrinsic value of the outstanding options (the difference between the closing stock price on the last trading day of the first quarter of 2008 of $10.00 per share and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on March 31, 2008 was $4,106,407. The aggregate intrinsic value of exercisable options as of March 31, 2008 was $3,000,866. These amounts will change based on changes in the fair market value of the Company s common stock.

As of March 31, 2008, $4,464,994 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.67 year.

Note 4 Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(revised 2007) (SFAS 141R), a revision of SFAS 141, Business Combinations. SFAS 141R establishes requirements for the recognition and measurement of acquired assets, liabilities, goodwill, and non-controlling interests. SFAS 141R also provides disclosure requirements related to business combinations. SFAS 141R is effective for fiscal years beginning after December 15, 2008. Should they occur, the Company will apply SFAS 141R prospectively to business combinations with an acquisition date on or after the effective date.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. In February of 2008, the FASB issued FASB Staff position 157-2 which delays the effective date of SFAS 157 for non-financial assets and liabilities which are not measured at fair value on a recurring basis (at least annually) until fiscal years beginning after November 15, 2008. The adoption of this pronouncement did not have a material impact on the Company.

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities.* SFAS No. 159 allows entities the option to measure eligible financial instruments at fair value as of specified dates. Such election, which may be applied on an instrument by instrument basis, is typically irrevocable once elected. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and will become effective for us beginning with the first quarter of 2008. The adoption of this pronouncement did not have a significant impact on the Company.

In December 2007, the FASB issued SFAS No. 160, Non-Controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160). SFAS 160 establishes new standards for the accounting for and reporting of non-controlling interests (formerly minority interests) and for the loss of control of partially owned and consolidated subsidiaries. SFAS 160 does not change the criteria for consolidating a partially owned entity. SFAS 160 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of SFAS 160 will have a significant impact.

Note 5 Net Loss Per Share

The Company computes loss per share under Statement of Financial Accounting Standards (SFAS) No. 128 Earnings Per Share, which requires presentation of two amounts: basic and diluted loss per common share. Basic loss per common share is computed by dividing loss available to common stockholders by the number of weighted average common shares outstanding, and includes all common stock issued. Diluted earnings would include all common stock equivalents. The Company has not included the outstanding options, warrants or shares issuable upon conversion of the convertible debt as common stock equivalents in the computation of diluted loss per share for the three months ended March 31, 2008 and 2007 because the effect would be antidilutive.

The following table sets forth the weighted average shares issuable upon exercise of outstanding options and warrants and conversion of convertible debt that are not included in the basic and diluted loss per share available to common stockholders because to do so would be antidilutive:

Three months ended March 31	**2008**	**2007**
Weighted average shares issuable upon exercise of outstanding options	2,146,285	1,572,505
Weighted average shares issuable upon exercise of outstanding warrants	431,366	200,684
Weighted average shares issuable upon conversion of convertible debt	714,286	
Total	3,061,917	1,773,189

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

Note 6 Warranty Obligations

The Company warrants to the purchasers of its products that the product will be free of defects in material and workmanship for one year from the date of installation. In addition, some customers have purchased extended warranties for the Company s products that extend the base warranty. The Company records the estimated cost that may be incurred under its warranties at the time revenue is recognized based upon the relationship between historical and anticipated warranty costs and sales volumes. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary. While the Company believes that its estimated warranty liability is adequate and that the judgment applied is appropriate, the estimated liability for warranties could differ materially from actual future warranty costs.

Changes in the Company s warranty liability are as follows:

Three months ended March 31	**2008**	**2007**
Balance, beginning of period	$377,902	$196,783
Warranties issued	19,100	12,150
Settlements	(64,906)	(9,858)
Balance, as of March 31	$332,096	$199,075

Note 7 Inventories

Inventories consisted of the following:

	March 31, 2008	**December 31, 2007**
Raw materials	$613,775	$681,602
Finished goods		13,463
Reserve for obsolescence	(1,838)	(1,838)
	$611,937	$693,227

Note 8 Revolving Line of Credit

On March 12, 2008, the Company entered into a $3 million revolving line of credit note with Advanced Biotherapy, Inc. and Richard Kiphart, the Company s chairman and largest individual investor. The note matures on March 31, 2009 and bears interest at 17% per annum, with 12% payable quarterly in cash, with the remaining 5% to be capitalized and added to the principal balance on the note. The note also

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

requires the quarterly payment of an unused funds fee of 4% per annum on the unused portion of the note. The Company may borrow any amount, at any time during the term of the note as long as it is not in default at the time of the advance, provided that the total advances under the note, net of repayments, may not exceed $3 million. If the Company terminates the note before its scheduled maturity it will be required to pay a termination fee based on a formula that is approximately equal to $411 for each day remaining before the scheduled maturity.

Events of default include:

i) failure to pay interest or unused funds fees within 10 days of written demand;

ii) failure to pay outstanding principal and accrued interest thereon on the maturity date;

iii) failure to pay termination fees on the termination date;

iv) the Company makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating the Company bankrupt or insolvent; or any order for relief with respect to the Company is entered under the Federal Bankruptcy Code; or the Company petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Company, or of any substantial part of the assets of the Company, or commences any proceeding relating to the Company under bankruptcy reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against the Company and such petition, application or proceeding is not dismissed within sixty (60) days; or

v) the Company sells substantially all of its assets.

Mr. Kiphart is the Chairman of the Board of Advanced Biotherapy, Inc., and owns the majority of the common stock of Advanced Biotherapy. Mr. David Valentine, one of the Company s directors, is also a director and stockholder of Advanced Biotherapy.

As of March 31, 2008 there were no borrowings under the line of credit.

Note 9 Subordinated Convertible Term Notes

During the second quarter of 2007, eight investors, including Richard Kiphart, the Company s chairman and largest individual stockholder (collectively the Investors), and the Company entered into a loan agreement under which the Investors lent the Company $5 million in the form of subordinated convertible term notes (the Term Notes). The Term Notes mature on May 31, 2010, although they may be prepaid at anytime after May 31, 2008 at the Company s option without penalty, and accrue interest at the rate of 10% per year. Interest is payable quarterly, 50% in cash and 50% in shares of the Company s common stock valued at the market price of the Company s common stock on the interest due date. The Term Notes are convertible at any time at the Investors election at $7.00 per share and will automatically convert to shares of common stock at $7.00 per share, if, at any time after May 31, 2008 the closing price of the Company s common stock exceeds $10.50 per share for 20 days in any consecutive 30-day period. The loan agreement provides for acceleration upon the occurrence of typical events of default, including nonpayment, nonperformance, bankruptcy and collateral impairment.

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

As part of the transaction, the Company issued the Investors four-year warrants to purchase 206,044 shares of its common stock at $7.28 per share. These warrants were valued at $1,136,537 utilizing a modified-Black Scholes option pricing model utilizing the following assumptions: risk free rate of 4.846%; expected volatility of 93.3%; expected dividend of $0; and expected life of four years.

The shares issued as part of the quarterly interest payments and issuable upon conversion of the term loan or exercise of the warrants have not be registered for resale, though the Company has given the Investors the right to demand the Company use its best efforts to file as soon as practicable a registration statement to register a minimum of 142,857 issued shares.

In recording the transaction, the Company allocated the value of the proceeds to the Term Notes and warrants based on their relative fair values. In doing so, it determined that the Term Notes contained a beneficial conversion feature since the fair market value of the common stock issuable upon conversion of the Term Notes (determined on the Term Note issuance date) exceeded the value allocated to the Term Notes of $3,863,463. The Term Notes are convertible into 714,286 shares of common stock, which at the market price of $8.02 per share on date of issuance of the Term Notes was worth $5,730,000. The difference between the market value of the shares issuable upon conversion and the value allocated to the Term Notes of $1,866,537 is considered to be the value of the beneficial conversion feature. This calculation is summarized as follows:

Value Allocated to Term Notes:	
Proceeds from issuance	$ 5,000,000
Less value allocated to warrants	(1,136,537)
Value allocated to Term Notes	$ 3,863,463
Market Value of Shares Issuable Upon Conversion:	
Shares issuable upon conversion of the Term Notes	714,286
Closing market value of stock on Term Note issuance date	$ 8.022
Market value of shares issuable upon conversion	$ 5,730,000
Beneficial Conversion Value:	
Market value of shares issuable upon conversion	$ 5,730,000
Less value allocated to Term Notes	(3,863,463)
Value of beneficial conversion feature	$ 1,866,537

The value of the beneficial conversion feature and the value of the warrants have been recorded as a discount to the Term Notes and are being amortized over the term of the Term Notes using the effective interest method.

In addition, the Company incurred costs of $8,572 relative to the Term Note offering. These costs have been capitalized and are also being amortized over the term of the Term Notes using the effective interest method.

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

Note 10 Business Segment Information

The Company is organized and manages its business in three distinct segments: the Energy Technology segment, the Energy Services segment and the Financial Services segment. In classifying its operational entities into a particular segment, the Company segregated its businesses with similar economic characteristics, products and services, production processes, customers, and methods of distribution into distinct operating groups.

The Energy Technology segment designs, manufactures and markets energy saving technologies, primarily to commercial and industrial customers. The principal products produced and marketed by this segment are the eMAC line of HVAC and lighting controllers. The eMAC business of Maximum Performance Group, Inc. is included in this segment. Maximum Performance Group is headquartered in San Diego, California and has a sales office in New York City and Ellington, Connecticut.

The Energy Services segment includes the operations of Parke Industries, LLC, Kapadia Energy Services, Inc., Lime Midwest, Inc., Texas Energy Products, Inc. and Preferred Lighting, Inc. These companies all design, engineer and install energy efficient lighting upgrades for commercial and industrial users. In addition, Kapadia provides energy engineering services to assist customers in improving their energy efficiency and to better manage their energy costs. Parke is headquartered in Glendora, California and has offices in Danville, Carmel, and San Francisco, California and Salt Lake City, Utah. Kapadia is headquartered in Ventura, California and has an office in Peekskill, New York. Texas Energy is headquartered in Austin, Texas and has an office in Dallas, Texas. Preferred Lighting is located in Seattle, Washington. Lime Midwest in located in Elk Grove Village, Illinois.

In June 2007 the Company created a new subsidiary, Lime Finance Inc., to enable its clients to pay for energy efficiency projects over time. The Company records these extended term receivables as long-term receivables and consolidates them within Lime Finance for purposes of optimal receivables management and in anticipation of potentially financing them in order to reduce its cost of capital. Lime Finance has no employees and is headquartered in Elk Grove Village, Illinois.

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

The following is the Company s business segment information:

Three months ended March 31	2008	2007
Revenues:		
Energy Services	$ 2,210,386	$ 1,704,843
Energy Technology	692,034	846,500
Financial Services	5,059	
Intercompany sales		(22,796)
Total	2,907,479	2,528,547
Operating Loss:		
Energy Services	(1,550,538)	(706,977)
Energy Technology	(784,233)	(815,939)
Financial Services	5,003	
Corporate Overhead	(1,559,553)	(1,817,737)
Total	(3,889,321)	(3,340,653)
Interest Income/(Expense), net	(344,052)	29,714
Net Loss	$(4,233,373)	$(3,310,939)

	March 31, 2008	December 31, 2007
Total Assets:		
Energy Services	$ 14,622,838	$ 16,493,666
Energy Technology	2,617,145	3,166,073
Financial Services	587,552	351,297
Corporate Overhead	3,439,975	5,932,796
Total	$ 21,267,510	$ 25,943,832

Lime Energy Co.
Notes to Condensed Consolidated Financial Statements

Note 11 Equity Issuances

(a) During the first quarter of 2008, the Company issued to three consultants warrants with terms of three to four years to purchase 27,143 shares of its common stock at prices of $8.05 to $10.50 per share as partial consideration for services provided the Company. These warrants was valued at $162,300 using a modified Black-Sholes option pricing model utilizing the following assumptions: risk free rate of 1.82% to 3.259%, expected volatility of 91.6% to 105.0%, expected dividend of $0 and expected life of three to four years. The value of the warrants was charged to operations during the first quarter of 2008.

(b) During the first quarter of 2008, the Company issued 6,667 shares of its common stock to the holders of its subordinated convertible term notes in satisfaction of 50% of the interest owed on the notes.

(c) During the first quarter of 2008, holders of certain options and warrants exercised their rights to purchase 25,378 shares of the Company s common stock at prices between $6.30 per share and $7.14 per share.

Note 12 Related Party Transactions

As is more fully described in Note 8 above, in March 2008, the Company entered into a revolving credit note with Advanced Biotherapy, Inc. and Richard Kiphart. Mr. Kiphart is the Company s Chairman and largest individual stockholder. Mr. Kiphart is also the Chairman of the Board of Advanced Biotherapy, Inc., and owns the majority of the common stock of Advanced Biotherapy. Mr. David Valentine, one of the Company s directors, is also a director and stockholder of Advanced Biotherapy.

ITEM 2.

MANAGEMENT S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion regarding the Company along with the Company s financial statements and related notes included in this quarterly report. This quarterly report, including the following discussion, contains forward-looking statements that are subject to risks, uncertainties and assumptions. The Company s actual results, performance and achievements in 2008 and beyond may differ materially from those expressed in, or implied by, these forward-looking statements. See Cautionary Note Regarding Forward-Looking Statements.

Overview

We are a leading provider of energy efficiency solutions that reduce energy consumption for commercial and industrial businesses, educational institutions, and property owners and managers. These solutions consist of services and technologies that increase the energy efficiency of our clients facilities, thereby lowering their operating and maintenance costs, reducing their environmental footprints and often improving the quality of their physical work environment. Our core Energy Services business provides energy engineering consulting and the design, engineering and installation of energy efficiency lighting solutions. We also offer a proprietary line of intelligent controllers that provide continuous monitoring of HVAC and lighting equipment using wireless communication technology to reduce energy usage and improve system reliability.

The Company has three reporting segments: Energy Services, Energy Technology and Financial Services.

Our Energy Services segment provides energy engineering consulting and the design, engineering and installation of energy efficiency lighting solutions. Our engineering consulting services consist of applying our expertise to analyze each client s energy consumption and operational needs and developing a customized energy efficiency solution. Our design, engineering and installation services consist of implementing energy efficient lighting systems in our client s facilities with an objective to improve the quality of their physical space, maximize their operational savings, capitalize on the rebates available to them and reduce their maintenance costs.

Our Energy Technology segment sells our patented line of HVAC and lighting controllers under the eMAC and uMAC brand names. The eMAC solution provides remote monitoring, management and control of commercial rooftop HVAC units. This solution allows our clients to reduce energy consumption, thereby lowering operating expenses, and helps identify and prevent potential equipment failures, reducing maintenance expenses and downtime. Our uMAC system is a version of the eMAC that remotely controls the operation of a facility s lights via wireless communications.

In 2007 we created our Financial Services segment, which operates as a wholly owned subsidiary named Lime Finance, to enable our clients to pay for our energy efficiency systems over time a service which we believe is a competitive differentiator. Because the implementation of our energy efficiency systems typically results in a reduction of our clients monthly energy costs, our clients can enjoy an immediately positive net cash flow upon installation of our systems if they pay for our systems over time. We record customer receivables with extended payment terms as long-term receivables and consolidate them within Lime Finance for purposes of optimal receivables management and in anticipation of potentially financing them in order to reduce our cost of capital. As of March 31, 2008, we had approximately $587,000 of receivables in this portfolio.

Our Company has evolved considerably since it was formed in 1997 as an energy technology company to manufacture and sell the EnergySaver. The eMAC line of HVAC and lighting controllers has replaced the EnergySaver as our energy technology product, and energy technology is no longer our primary source of revenue. Our Energy Services segment, which was formed in June 2006, has grown rapidly through acquisitions and organic growth, such that it represented 81% of our consolidated revenue in 2007. The growth of this segment is expected to continue to outpace that of our Energy Technology segment such that it will be the primary contributor to our growth in 2008.

Results of Operations

Our revenue reflects the sale of our products and services, net of allowances for returns and other adjustments. Our revenue is generated from the sale of services and products, all of which were sold in the U.S.

The cost of goods sold for our Energy Services business consists primarily of materials, our internal labor and the cost of subcontracted labor. The costs of goods sold for our Energy Technology business include charges from the contract manufacturer that manufactures the eMAC line of controllers, charges from our internal labor outside contractors used to install our product in our customers facilities, depreciation, freight and charges for potential future warranty claims.

Sales and gross profits depend in part on the volume and mix of products and services sold during any given period. A portion of our expenses, such as the cost of certain salaried supervisory and technical personnel, are relatively fixed. Accordingly, an increase in the volume of sales will generally result in an increase to our margins since these fixed expenses do not increase proportionately with sales. Our business is also seasonal, as such our margins will vary with seasonal changes in our revenue due to the fixed nature of some of our costs.

Selling, general and administrative expenses (SG&A) include the following components:

- direct labor and commission costs related to our employee sales force;
- expenses related to our non-manufacturing management, supervisory and staff salaries and employee benefits, including the costs of share based compensation;
- commission costs related to our independent sales representatives;
- costs related to insurance, travel and entertainment, office supplies and utilities;
- costs related to marketing and advertising our products;
- legal and accounting expenses;
- research and development expenses; and
- costs related to administrative functions that serve to support the existing businesses of the Company, as well as to provide the infrastructure for future growth.

Interest expense includes the fees and expenses associated with the mortgage on our headquarters building, the subordinated convertible term notes (including amortization of the related debt discount and issuance costs), our line of credit and various vehicle loans, all as reflected on our current and prior financial statements.

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

Revenue. Our revenue for the three months ended March 31, 2008 was $2,907,479, a $378,932 or 15% increase over the revenue earned in the first three months of 2007. Approximately 76% of our 2008 revenue was generated by our Energy Services segment, while 24% was generated by our Energy Technology segment. During 2007 our Energy Service segment generated approximately 67% of our revenue and our Energy Technology segment generated approximately 33% of our revenue.

Revenue generated by our Energy Services segment increased $505,543, or 30%, to $2,210,386 during the first quarter of 2008 as compared to $1,704,843 for the first quarter of 2007. Approximately 60% of this increase was attributable to the inclusion of Texas Energy and Preferred Lighting, two companies we acquired in June and August 2007, respectively. The balance of the increase was generated by existing businesses. We expect to see continued growth in this segment on a year-over-year basis due an increase in the number of salespeople in the segment and contributions from 2007 acquisitions.

Revenue of our Energy Technology segment declined $154,466, or 18%, to $692,034 during the first quarter of 2008 from $846,500 in the first quarter of 2007. Sales for this segment have been negatively impacted by limited availability of product due to delays in completing an upgrade to the eMAC line of controllers to replace discontinued components. We hope to complete this upgrade project during the third quarter of 2008 and to begin shipping the upgraded version of the product in the fourth quarter of the year. As a result, we expect revenue for this segment to continue to be lower than the levels achieved during 2007.

Gross Profit. Gross profit for the first quarter of 2008 was $149,078, a decline of $222,989 from the $372,067 earned during the first quarter of 2007. Our gross profit margin declined from 14.7% in 2007 to 5.1% in 2008. Contributing to the decline in our gross profit was a $230,000 increase in the fixed costs included in our cost of sales. These expenses represent salaried project managers and engineers and certain equipment costs that we have added to support the higher level of sales anticipated during 2008. We anticipate that these fixed expenses will increase at a rate that is less than the increase in revenue for the full year, which should contribute to an increase in our gross margin. Our revenue is seasonal, increasing quarter-over-quarter and typically peaking in the fourth quarter. Due to the fixed nature of some of our costs of sales we expect our margins to increase as our revenue increases throughout the year.

Selling, General and Administrative Expense. SG&A for the first quarter of 2008 was $3,800,552, an increase of $544,641, or 17%, over the $3,255,911 of expense for the same period during 2007. Approximately $325,000 of this increase was attributable to the inclusion of Texas Energy and Preferred Lighting, both of which were acquired after the first quarter of 2007. Approximately $250,000 of the increase was due to higher salary and benefit costs (excluding share based compensation) primarily the result of recently hired sales and marketing personnel. The issuance of options to employees during October of 2007 contributed to a $140,000 increase in share based compensation expense in SG&A during the first quarter of 2008. Also contributing to the increase in SG&A was a $120,000 increase in research & development expense related to the upgrade of the eMAC. We do not expect to add significantly to our current headcount until later in the year when we begin to hire new salespeople to support our 2009 business plan, therefore we expect the increase in our SG&A on a year-over-year basis to decline throughout the balance of 2008.

Amortization of Intangibles. Amortization expense associated with our intangible assets declined $218,962, or 48%, to $237,847 during the first quarter of 2008, from $456,809 during the first quarter of 2007. This expense is expected to decline slightly from the levels recorded in the first quarter during the third and fourth quarters of 2008 as some of the intangible assets become fully amortized.

Other Non-Operating (Expense) Income. Other expense increased $373,766 to $344,052 of expense during the first quarter of 2008 from $29,714 of income during the same period during 2007. Interest expense was $387,952 for the first quarter of 2008, an increase of $371,554 when compared to $16,398 for the first quarter of 2007. The components of interest expense for the three-month periods ended March 31, 2008 and 2007 are as follows:

Three months ended March 31,	**2008**	**2007**
Line of credit	**$**	**$**
Note payable	**3,389**	**4,247**
Mortgage	**8,223**	**11,376**
Subordinated convertible notes	**124,317**	
Other	**2,423**	**775**
Amortization of deferred issuance costs and debt discount	**249,600**	
Total Interest Expense	**$ 387,952**	**$ 16,398**

Total contractual interest (the interest on outstanding loan balances) increased $121,955 during the first quarter of 2008 to $138,353 from $16,398 during the first quarter of 2007. The increase was primarily the result of the addition of the subordinated convertible notes during the second quarter of 2007. The amortization expense included in interest expense is also related to the convertible subordinated notes.

Interest income declined $2,212 to $43,900 during the first quarter of 2008, from $46,112 during the first quarter of 2007. The decline was the result of lower interest rates and lower average invested balances.

Liquidity and Capital Resources

As of March 31, 2008, we had cash and cash equivalents of $2,319,519, compared to $4,780,701 on December 31, 2007. Our debt obligations as of March 31, 2008 consisted of $5,000,000 of convertible subordinated notes, a mortgage of $481,000 on our facility in Elk Grove Village Illinois, a demand note payable to a former shareholder of MPG of $150,000, and various vehicle loans totaling $180,111. Our $3 million line of credit was unused and fully available as of March 31, 2008.

Our principal cash requirements are for operating expenses, the funding of inventory and accounts receivable, and capital expenditures. We have financed our operations since inception primarily through the private placement of our common and preferred stock, as well as through various forms of secured debt.

The following table summarizes, for the periods indicated, selected items in our consolidated statement of cash flows:

Three months ended March 31,	2008	2007
Net cash used in operating activities	**$(2,434,492)**	$(**1,605,806**)
Net cash used in investing activities	**(92,947)**	**(56,800**)
Net cash provided by (used in) by financing activities	**66,257**	**(24,836)**
Net Decrease in Cash and Cash Equivalents	**(2,461,182)**	**(1,687,442)**
Cash and Cash Equivalents, at beginning of period	**4,780,701**	**4,663,618**
Cash and Cash Equivalents, at end of period	**$ 2,319,519**	**$ 2,976,176**

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

Net cash decreased $2,461,182 during the first three months of 2008 as compared to decreasing $1,687,442 during the same period in 2007.

Operating Activities

Operating activities consumed cash of $2,434,492 during the three-month period March 31, 2008 as compared to consuming cash of $1,605,806 during the same period of 2007.

Whether cash is used or generated by operating activities is a function of the profitability of our operations and changes in working capital. To get a better understanding of cash sources and uses, our management separates the cash used or provided by operating activities into two pieces: the cash consumed (or generated) by operating activities before changes in working capital; and the cash consumed (or generated) from changes in working capital.

The cash consumed by operating activities before changes in working capital was $2,513,636 during the first quarter of 2008 as compared to $1,106,530 consumed during the first quarter of 2007. This increase of $1,407,106 was primarily due to the increase in our net loss resulting from the additions of personnel in sales, marketing and operations to support the anticipated increase in sales during 2008, higher research and development costs and an increase in our interest expense. We believe that we will see reductions in the cash consumed by operating activities before changes in working capital if our revenue and profitability improves as we believe they will, to the point that our operations will begin to generate cash before changes in working capital in future periods.

Changes in working capital generated $79,144 during the three-month period ended March 31, 2008 as compared to consuming $499,276 during the same period of 2007. A net reduction in our accounts receivable was the primary driver of the reduction in working capital during the first quarter of 2008 as we received payments on receivables generated from strong sales during the fourth quarter of 2007. We expect our working capital requirements to continue to increase with increases in our sales in future periods, though we hope improvements in our receivables turnover and reductions in our inventory will keep the growth in working capital to a rate that is lower than the growth of our future sales.

Investing Activities

Cash used in investing activities increased $36,147 to $92,947 during the three-month period ending March 31, 2008, from $56,800 for the same period in 2007. The purchase of property and equipment increased $24,087 to $80,887 during the first quarter of 2008 when compared to $56,800 in 2007. Contributing to this increase were costs associated with expanding our offices in San Diego and Ventura, California. During the first quarter of 2008 we also incurred $12,060 of expense associated with the final valuation of the intangibles associated with the acquisitions of Texas Energy Products and Preferred Lighting. We expect our investment in property and equipment to decline in future periods and to be associated primarily with acquisitions of vehicles for operations and office equipment for new employees.

Financing Activities

Financing activities generated cash of $66,257 during the first quarter of 2008 as compared to consuming $24,836 during the first quarter of 2007. During the first quarter of 2008 proceeds from the exercise of options and warrants generated $87,085, which was partially offset by scheduled principal payments on our debt of $20,828. During the first quarter of 2007 we borrowed $33,228 to fund the purchase of a vehicle, made scheduled principal payments of $12,703 on various loans and incurred $45,361 in legal and accounting expense related to the registration of the shares issued as part of the June 2006 PIPE transaction.

LIQUIDITY

Our primary sources of liquidity are our available cash reserves of $2,319,519 and availability under our $3 million revolving line of credit.

Our ability to continue to expand the sales of our products and services will require the continued commitment of significant funds. The actual timing and amount of our future funding requirements will depend on many factors, including the amount and timing of future revenues, working capital requirements, the level and amount of product marketing and sales efforts and the magnitude of research and development, among other things.

We have raised a significant amount of capital since our formation through the issuance of shares of our common and preferred stock and notes, which has allowed us to acquire companies and to continue to execute our business plan. Most of these funds have been consumed by operating activities, either to fund our losses or for working capital requirements. Our management has set the following key strategies for cash flow improvement in 2008:

> Focus on increasing the sales and profitability of our products and services. During the past two fiscal years we increased our revenue by $15,787,701, or 427%, and our gross profit increased from $1,575 to $4,398,720. This improvement in our gross profit was largely offset by a $7,708,878 increase in our SG&A expense ($3,982,147 excluding non-cash share based compensation) over the period, the result of acquisitions and the addition of sales and administrative support personnel. However, we believe that we have the infrastructure in place to support a doubling of revenue in 2008, without the need to increase our headcount significantly from current levels. While there is no assurances that we will grow our revenue to that level, if we can achieve significant revenue growth, we believe we will significantly reduce or eliminate the cash consumed from operating activities before changes in working capital.

Turn around the performance of our Energy Technology segment. Largely as a result of lower than expected sales, our Energy Technology segment recorded an operating loss of approximately $8.2 million during 2007, or 55% of our total operating loss. Part of the failure to achieve scale in this business is due to delays in getting a new version of the eMAC into production. We have taken steps to address this issue and hope that the new version of the eMAC will be available during the second half of 2008. In the meantime, we have taken steps to reduce the overhead costs of this segment to better align them with the anticipated level of business activity. We continue to invest in this segment because we believe there is a good market for this segment s products based on a marketing study completed last year, and our experience marketing the product. We also have an established base of eMAC customers who continue to purchase the product to build upon. We are committed to turning around the performance of this segment, but at the same time we continue to carefully review all of our alternatives for this business.

Manage our costs in order to conserve cash. The prudent use of the capital resources available to us remains one of our top priorities. We are constantly reviewing our operations looking for more efficient ways to achieve our objectives.

Although we cannot be certain that these strategies will succeed, we believe that meeting these cash flow improvement goals, should provide sufficient liquidity to allow us to operate until our operations turn cash flow positive.

Cautionary Note Regarding Forward-Looking Statements

This discussion includes forward-looking statements that reflect our current expectations about our future results, performance, prospects and opportunities. We have tried to identify these forward-looking statements by using words such as may, expects, anticipates, believes, intends, hopes, estimates or similar expressions. These forward statements are based on information currently available to us and are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities in the remainder of 2008 and beyond to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and other factors include, without limitation, our history of operating losses, customers acceptance of our products and services, risk of increased competition, the risks associated with acquisitions, the potential need for additional financing in the future and the terms and conditions of any financing that may be consummated, the limited trading market for our securities, the possible volatility of our stock price, the concentration of ownership, and the potential fluctuation in our operating results. For further information about these and other risks, uncertainties and factors, please review the disclosures included under the caption Risk Factors in our filings with the Securities and Exchange Commission. Except as required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason, after the date of this document.

ITEM 3. **Quantitative and Qualitative Disclosures About Market Risk**

The only significant exposure we have to market risk is the risk of changes in market interest rates. The interest rate on our mortgage is variable and changes with changes in the prime rate. The interest rate on the mortgage is equal to the prime rate plus $^{1}/2$%. As of March 31, 2008, the prime rate was 5.25%. If the prime rate were to increase 1 percentage point, the aggregate annual interest cost on our mortgage would increase by approximately $4,900.

ITEM 4. **Controls and Procedures**

Disclosure Controls and Procedures.

Our management, including our chief executive officer and our chief financial officer, maintains our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) and has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, our chief executive officer and chief financial officer have concluded that, as of March 31, 2008, such disclosure controls and procedures are effective for the purpose of ensuring that material information required to be in the reports that we submit, file, furnish or otherwise provide to the Securities and Exchange Commission is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls.

There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended March 31, 2008 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Limitations of the Effectiveness of Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II. OTHER INFORMATION

ITEM 2. **Unregistered Sales of Equity Securities and Use of Proceeds**

(1) During the first quarter of 2008, we issued three consultants warrants with terms of three to four years to purchase 27,143 shares of our common stock at prices of $8.05 to $10.50 per share as partial consideration for services provided the Company.

(2) During the first quarter of 2008, we issued 6,667 shares of our common stock to the holders of our subordinated convertible term notes in satisfaction of 50% of the interest owed to them.

No underwriters were involved in the transaction described above. All of the securities issued in this transaction were issued by us in reliance upon the exemption from registration available under Section 4(2) of the Securities Act, including Regulation D promulgated thereunder, in that the transactions involved the issuance and sale of our securities to financially sophisticated individuals or entities that were aware of our activities and business and financial condition and took the securities for investment purposes and understood the ramifications of their actions. Certain of the purchasers also represented that they were accredited investors as defined in Regulation D and were acquiring such securities for investment for their own account and not for distribution.

ITEM 6. **Exhibits**

31.1 Certificate of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certificate of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer of the Corporation Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of the Chief Financial Officer of the Corporation Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

	LIME ENERGY CO.:
Dated: May 14, 2008	By: /s/ David Asplund
	David Asplund *Chief Executive Officer (principal executive officer)*
Dated: May 14, 2008	By: /s/ Jeffrey Mistarz
	Jeffrey Mistarz *Chief Financial Officer (principal financial and accounting officer)*

>

Short term investments
991,863

—

991,863

—

Equity investments trading
388,254

388,254

—

—

Other investments

Catastrophe bonds
380,475

—

380,475

—

Private equity partnerships (1)
196,220

—

—

—

Senior secured bank loan funds (1)
17,574

—

—

—

Hedge funds (1)
524

—

—

—

Total other investments
594,793

—

380,475

—

Other assets and (liabilities)

Assumed and ceded (re)insurance contracts (2)
(2,952
)

—

—

(2,952

)

Derivatives (3)
4,636

(45
)

4,681

—

Other
(11,002
)

—

(11,002
)

—

Total other assets and (liabilities)
(9,318
)

(45
)

(6,321
)

(2,952
)

$
9,392,147

$

3,556,972

$
5,623,809

$
(2,952
)

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

(2) Included in assumed and ceded (re)insurance contracts at December 31, 2017 was $2.5 million and $5.5 million of other assets and other liabilities, respectively.

(3) See “Note 19. Derivative Instruments” for additional information related to the fair value, by type of contract, of derivatives entered into by the Company.

At December 31, 2016	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed maturity investments				
U.S. treasuries	$2,617,894	$2,617,894	$—	$ —
Agencies	90,972	—	90,972	—
Municipal	519,069	—	519,069	—
Non-U.S. government (Sovereign debt)	333,224	—	333,224	—
Non-U.S. government-backed corporate	133,300	—	133,300	—
Corporate	1,877,243	—	1,877,243	—
Agency mortgage-backed	462,493	—	462,493	—
Non-agency mortgage-backed	258,944	—	258,944	—
Commercial mortgage-backed	409,747	—	409,747	—
Asset-backed	188,358	—	188,358	—
Total fixed maturity investments	6,891,244	2,617,894	4,273,350	—
Short term investments	1,368,379	—	1,368,379	—
Equity investments trading	383,313	383,313	—	—
Other investments				
Catastrophe bonds	335,209	—	335,209	—
Private equity partnerships (1)	191,061	—	—	—
Senior secured bank loan fund (1)	22,040	—	—	—
Hedge funds (1)	1,495	—	—	—
Total other investments	549,805	—	335,209	—
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts (2)	(13,004)	—	—	(13,004)
Derivatives (3)	(8,922)	(646)	(8,276)	—
Other	(13,105)	—	(13,105)	—
Total other assets and (liabilities)	(35,031)	(646)	(21,381)	(13,004)
	$9,157,710	$3,000,561	$5,955,557	$ (13,004)

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

(2) Included in assumed and ceded (re)insurance contracts at December 31, 2016 was $4.4 million and $17.4 million of other assets and other liabilities, respectively.

(2) See “Note 19. Derivative Instruments” for additional information related to the fair value, by type of contract, of derivatives entered into by the Company.

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

Fixed Maturity Investments

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

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

F-30

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

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

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

U.S. treasuries

Level 1 - At December 31, 2017, the Company’s U.S. treasuries fixed maturity investments were primarily priced by pricing services and had a weighted average effective yield of 1.9% and a weighted average credit quality of AA (2016 - 1.4% and AA, respectively). When pricing these securities, the pricing services utilize daily data from many real time market sources, including active broker dealers. Certain data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source is used for each issue and maturity date.

Agencies

Level 2 - At December 31, 2017, the Company’s agency fixed maturity investments had a weighted average effective yield of 2.1% and a weighted average credit quality of AA (2016 - 2.0% and AA, respectively). The issuers of the Company’s agency fixed maturity investments primarily consist of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other agencies. Fixed maturity investments included in agencies are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources and integrate other observations from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The fair value of each security is individually computed using analytical models which incorporate option adjusted spreads and other daily interest rate data.

Municipal

Level 2 - At December 31, 2017, the Company’s municipal fixed maturity investments had a weighted average effective yield of 2.2% and a weighted average credit quality of AA (2016 - 2.4% and AA, respectively). The Company’s municipal fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information regarding the security from third party sources such as trustees, paying agents or issuers. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread over widely accepted market benchmarks.

Non-U.S. government (Sovereign debt)

Level 2 - At December 31, 2017, the Company’s non-U.S. government fixed maturity investments had a weighted average effective yield of 2.0% and a weighted average credit quality of AAA (2016 - 1.6% and AAA, respectively). The issuers of securities in this sector are non-U.S. governments and their respective agencies as well as supranational organizations. Securities held in these sectors are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Non-U.S. government-backed corporate

Level 2 - At December 31, 2017, the Company’s non-U.S. government-backed corporate fixed maturity investments had a weighted average effective yield of 2.3% and a weighted average credit quality of AA (2016 - 1.5% and AAA, respectively). Non-U.S. government-backed fixed maturity investments are primarily priced by pricing services that employ proprietary discounted cash flow models to value the securities. Key quantitative inputs for these models are daily observed benchmark curves for treasury, swap and high issuance credits. The pricing services then apply a credit spread to the respective curve for each security which is developed by in-depth and real time market analysis. For securities in which trade volume is low, the pricing services utilize data from more frequently traded securities with similar attributes. These models may also be supplemented by daily market and credit research for international markets.

Corporate

Level 2 - At December 31, 2017, the Company’s corporate fixed maturity investments principally consisted of U.S. and international corporations and had a weighted average effective yield of 3.8% and a weighted average credit quality of BBB (2016 - 3.7% and BBB, respectively). The Company’s corporate fixed maturity investments are primarily priced by pricing services. When evaluating these securities, the pricing services gather information from market sources regarding the issuer of the security and obtain credit data, as well as other observations, from markets and sector news. Evaluations are updated by obtaining broker dealer quotes and other market information including actual trade volumes, when available. The pricing services also consider the specific terms and conditions of the securities, including any specific features which may influence risk. In certain instances, securities are individually evaluated using a spread which is added to the U.S. treasury curve or a security specific swap curve as appropriate.

Agency mortgage-backed

Level 2 - At December 31, 2017, the Company’s agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 3.0%, a weighted average credit quality of AA and a weighted average life of 6.4 years (2016 - 2.9%, AA and 6.9 years, respectively). The Company’s agency mortgage-backed fixed maturity investments are primarily priced by pricing services using a mortgage pool specific model which utilizes daily inputs from the active to be announced market which is very liquid, as well as the U.S. treasury market. The model also utilizes additional information, such as the weighted average maturity, weighted average coupon and other available pool level data which is provided by the sponsoring agency. Valuations are also corroborated with daily active market quotes.

Non-agency mortgage-backed

Level 2 - The Company’s non-agency mortgage-backed fixed maturity investments include non-agency prime residential mortgage-backed and non-agency Alt-A fixed maturity investments. The Company has no fixed maturity investments that were classified as sub-prime held at the time of purchase in its fixed maturity investments portfolio. At December 31, 2017, the Company’s non-agency prime residential mortgage-backed fixed maturity investments had a weighted average effective yield of 3.7%, a weighted average credit quality of BBB, and a weighted average life of 5.1 years (2016 - 4.3%, BBB and 5.1 years, respectively). The Company’s non-agency Alt-A fixed maturity investments held at December 31, 2017 had a weighted average effective yield of 3.7%, a weighted average credit quality of non-investment grade and a weighted average life of 6.2 years (2016 - 5.2%, non-investment grade and 6.0 years, respectively). Securities held in these sectors are primarily priced by pricing services using an option adjusted spread model or other relevant models, which principally utilize inputs including benchmark yields, available trade information or broker quotes, and issuer spreads. The pricing services also review collateral prepayment speeds, loss severity and delinquencies among other collateral performance indicators for the securities valuation, when applicable.

Commercial mortgage-backed
Level 2 - At December 31, 2017, the Company’s commercial mortgage-backed fixed maturity investments had a weighted average effective yield of 2.9%, a weighted average credit quality of AAA, and a weighted average life of 4.5 years (2016 - 2.6%, AAA and 3.9 years, respectively). Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services discount the expected cash flows for each security held in this sector using a spread adjusted benchmark yield based on the characteristics of the security.
Asset-backed
Level 2 - At December 31, 2017, the Company’s asset-backed fixed maturity investments had a weighted average effective yield of 2.8%, a weighted average credit quality of AAA and a weighted average life of 3.0 years (2016 - 2.3%, AAA and 2.6 years, respectively). The underlying collateral for the Company’s asset-backed fixed maturity investments primarily consists of bank loans, student loans, credit card receivables, auto loans and other receivables. Securities held in these sectors are primarily priced by pricing services. The pricing services apply dealer quotes and other available trade information such as bids and offers, prepayment speeds which may be adjusted for the underlying collateral or current price data, the U.S. treasury curve and swap curve as well as cash settlement. The pricing services determine the expected cash flows for each security held in this sector using historical prepayment and default projections for the underlying collateral and current market data. In addition, a spread is applied to the relevant benchmark and used to discount the cash flows noted above to determine the fair value of the securities held in this sector.
Short Term Investments
Level 2 - At December 31, 2017, the Company’s short term investments had a weighted average effective yield of 1.4% and a weighted average credit quality of AAA (2016 - 0.7% and AAA, respectively). The fair value of the Company’s portfolio of short term investments is generally determined using amortized cost which approximates fair value and, in certain cases, in a manner similar to the Company’s fixed maturity investments noted above.
Equity Investments, Classified as Trading
Level 1 - The fair value of the Company’s portfolio of equity investments, classified as trading is primarily priced by pricing services, reflecting the closing price quoted for the final trading day of the period. When pricing these securities, the pricing services utilize daily data from many real time market sources, including applicable securities exchanges. All data sources are regularly reviewed for accuracy to attempt to ensure the most reliable price source was used for each security.
Other investments
Catastrophe bonds
Level 2 - The Company’s other investments include investments in catastrophe bonds which are recorded at fair value based on broker or underwriter bid indications.
Other assets and liabilities
Derivatives
Level 1 and Level 2 - Other assets and liabilities include certain derivatives entered into by the Company. The fair value of these transactions includes certain exchange traded futures contracts which are considered Level 1, and foreign currency contracts and certain credit derivatives, determined using standard industry valuation models and considered Level 2, as the inputs to the valuation model are based on observable market inputs. For credit derivatives, these inputs include credit spreads, credit ratings of the underlying referenced security, the risk free rate and the contract term. For foreign currency contracts, these inputs include spot rates and interest rate curves.

Other

Level 2 - The liabilities measured at fair value and included in Level 2 at December 31, 2017 of $11.0 million are comprised of cash settled restricted stock units (“CSRSU”) that form part of the Company’s compensation program. The fair value of the Company’s CSRSUs is determined using observable exchange traded prices for the Company’s common shares.

Level 3 Assets and Liabilities Measured at Fair Value

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

December 31, 2017	Fair Value (Level 3)	Valuation Technique	Unobservable (U) and Observable (O) Inputs	Low	High	Weighted Average or Actual
Other assets and (liabilities)						
Assumed and ceded (re)insurance contracts	$850	Internal valuation model	Bond price (U)	$101.53	$111.56	$107.15
			Liquidity discount (U)	n/a	n/a	1.3 %
Assumed and ceded (re)insurance contracts	(3,802)	Internal valuation model	Net undiscounted cash flows (U)	n/a	n/a	$(4,626)
			Expected loss ratio (U)	n/a	n/a	22.1 %
			Net acquisition expense ratio (O)	n/a	n/a	13.5 %
			Contract period (O)	2.0 years	4.7 years	4.1 years
			Discount rate (U)	n/a	n/a	2.2 %
Total other assets and (liabilities)	$(2,952)					

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

	Other assets and (liabilities)
Balance - January 1, 2017	$ (13,004)
Total realized and unrealized gains	
Included in other income	3,761
Purchases	354
Settlements	5,937
Balance - December 31, 2017	$ (2,952)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Fixed maturity investments trading	Other assets and (liabilities)	Total

Balance - January 1, 2016	$7,618	$ (5,899)	$1,719
Total realized and unrealized (losses) gains			
Included in net investment income	(118)	—	(118)
Included in other income	—	6,339	6,339
Purchases	—	(13,444)	(13,444)
Settlements	(7,500)	—	(7,500)
Balance - December 31, 2016	$—	$ (13,004)	$(13,004)

Fixed Maturity Investments
Corporate
Level 3 - Previously, the Company's corporate fixed maturity investments included an investment in the preferred equity of an insurance holding company. The Company measured the fair value of this investment using a discounted cash flow model and ultimately sold this investment during the year ended December 31, 2016.
Other assets and liabilities
Assumed and ceded (re)insurance contracts
Level 3 - At December 31, 2017, the Company had a $0.9 million net asset related to an assumed reinsurance contract accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on indicative pricing obtained from independent brokers and pricing vendors for similarly structured marketable securities. The most significant unobservable inputs include prices for similar marketable securities and a liquidity premium. The Company considers the prices for similar securities to be unobservable, as there is little, if any market activity for these similar assets. In addition, the Company has estimated a liquidity premium that would be required if the Company attempted to effectively exit its position by executing a short sale of these securities. Generally, an increase in the prices for similar marketable securities or a decrease in the liquidity premium would result in an increase in the expected profit and ultimate fair value of this assumed reinsurance contract.
Level 3 - At December 31, 2017, the Company had a $3.8 million net liability related to assumed and ceded (re)insurance contracts accounted for at fair value, with the fair value obtained through the use of an internal valuation model. The inputs to the internal valuation model are principally based on proprietary data as observable market inputs are generally not available. The most significant unobservable inputs include the assumed and ceded expected net cash flows related to the contracts, including the expected premium, acquisition expenses and losses; the expected loss ratio and the relevant discount rate used to present value the net cash flows. The contract period and acquisition expense ratio are considered an observable input as each is defined in the contract. Generally, an increase in the net expected cash flows and expected term of the contract and a decrease in the discount rate, expected loss ratio or acquisition expense ratio, would result in an increase in the expected profit and ultimate fair value of these assumed and ceded (re)insurance contracts.
Financial Instruments Disclosed, But Not Carried, at Fair Value
The Company uses various financial instruments in the normal course of its business. The Company's insurance contracts are excluded from the fair value of financial instruments accounting guidance, unless the Company elects the fair value option, and therefore, are not included in the amounts discussed herein. The carrying values of cash and cash equivalents, accrued investment income, receivables for investments sold, certain other assets, payables for investments purchased, certain other liabilities, and other financial instruments not included herein approximated their fair values.
Debt
Included on the Company's consolidated balance sheet at December 31, 2017 were debt obligations of $989.6 million (2016 - $948.7 million). At December 31, 2017, the fair value of the Company's debt obligations was $1,018.2 million (2016 – $964.8 million).
The fair value of the Company's debt obligations is determined using indicative market pricing obtained from third-party service providers, which the Company considers Level 2 in the fair value hierarchy. There have been no changes during the period in the Company's valuation technique used to determine the fair value of the Company's debt obligations. Refer to "Note 9. Debt and Credit Facilities" for additional information related to the Company's debt obligations.

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

	2017	2016
Other investments	$594,793	$549,805
Other assets	$2,542	$4,379
Other liabilities	$5,494	$17,383

Included in net investment income for 2017 was net unrealized gains of $24.7 million related to the changes in fair value of other investments (2016 – gains of $11.5 million, 2015 – gains of $10.4 million). Included in other income for 2017 were net unrealized gains of $Nil related to the changes in the fair value of other assets and liabilities (2016 – $Nil, 2015 – losses of $0.4 million).
Measuring the Fair Value of Other Investments Using Net Asset Valuations
The table below shows the Company’s portfolio of other investments measured using net asset valuations as a practical expedient:

At December 31, 2017	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Minimum Days)	Redemption Notice Period (Maximum Days)
Private equity partnerships	$196,220	$ 356,525	See below	See below	See below
Senior secured bank loan funds	17,574	23,958	See below	See below	See below
Hedge funds	524	—	See below	See below	See below
Total other investments measured using net asset valuations	$214,318	$ 380,483			

Private equity partnerships – The Company’s investments in private equity partnerships included alternative asset limited partnerships (or similar corporate structures) that invest in certain private equity asset classes including U.S. and global leveraged buyouts, mezzanine investments, distressed securities, real estate, and oil, gas and power. The Company generally has no right to redeem its interest in any of these private equity partnerships in advance of dissolution of the applicable private equity partnership. Instead, the nature of these investments is that distributions are received by the Company in connection with the liquidation of the underlying assets of the respective private equity partnership. It is estimated that the majority of the underlying assets of the limited partnerships would liquidate over 7 to 10 years from inception of the respective limited partnership.
Senior secured bank loan funds – At December 31, 2017 the Company had $17.6 million invested in closed end funds which invest primarily in loans. The Company has no right to redeem its investment in these funds. It is estimated that the majority of the underlying assets in these closed end funds would liquidate over 4 to 5 years from inception of the applicable fund.
Hedge funds – The Company invests in hedge funds that pursue multiple strategies. The Company’s investments in hedge funds at December 31, 2017 were $0.5 million of so called “side pocket” investments which are not redeemable at the option of the shareholder. The Company will retain its interest in the side pocket investments until the underlying investments attributable to such side pockets are liquidated, realized or deemed realized at the discretion of the fund manager.

NOTE 7. 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 payments of additional premiums, for reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to the respective reinsurance contracts. The Company remains liable to the extent that any reinsurer fails to meet its obligations.

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

Year ended December 31,	2017	2016	2015
Premiums written			
Direct	$290,730	$208,282	$130,681
Assumed	2,506,810	2,166,294	1,880,629
Ceded	(926,215)	(839,264)	(595,127)
Net premiums written	$1,871,325	$1,535,312	$1,416,183
Premiums earned			
Direct	$244,285	$157,112	$98,182
Assumed	2,307,219	1,874,993	1,769,088
Ceded	(833,929)	(628,675)	(466,719)
Net premiums earned	$1,717,575	$1,403,430	$1,400,551
Claims and claim expenses			
Gross claims and claim expenses incurred	$3,420,388	$710,651	$544,972
Claims and claim expenses recovered	(1,558,960)	(179,820)	(96,734)
Net claims and claim expenses incurred	$1,861,428	$530,831	$448,238

At December 31, 2017, the Company's reinsurance recoverable balance was $1.6 billion (2016 - $279.6 million). Of this amount, 54.5% is fully collateralized by our reinsurers, 44.5% is recoverable from reinsurers rated A- or higher by major rating agencies and 1.0% is recoverable from reinsurers rated lower than A- by major rating agencies (2016 - 47.3%, 52.6% and 0.1%, respectively). The reinsurers with the three largest balances accounted for 10.4%, 7.5% and 7.3%, respectively, of the Company's reinsurance recoverable balance at December 31, 2017 (2016 - 27.1%, 19.9% and 7.7%, respectively). The valuation allowance recorded against reinsurance recoverable was $7.0 million at December 31, 2017 (2016 - $4.2 million). The three largest company-specific components of the valuation allowance represented 11.1%, 9.2% and 8.4%, respectively, of the Company's total valuation allowance at December 31, 2017 (2016 - 27.1%, 17.9% and 5.6%, respectively).

NOTE 8. RESERVE FOR CLAIMS AND CLAIM EXPENSES

General Description

The Company believes the most significant accounting judgment made by management is its estimate of claims and claim expense reserves. Claims and claim expense reserves represent estimates, including actuarial and statistical projections at a given point in time, of the ultimate settlement and administration costs for unpaid claims and claim expenses arising from the insurance and reinsurance contracts the Company sells. The Company establishes its claims and claim expense reserves by taking claims reported to the Company by insureds and ceding companies, but which have not yet been paid (“case reserves”), adding estimates for the anticipated cost of claims incurred but not yet reported to the Company, or incurred but not enough reported to the Company (collectively referred to as “IBNR”) and, if deemed necessary, adding costs for additional case reserves which represent the Company’s estimates for claims related to specific contracts previously reported to the Company which it believes may not be adequately estimated by the client as of that date, or adequately covered in the application of IBNR.

On March 2, 2015 the Company acquired Platinum and the transaction was accounted for under the acquisition method of accounting in accordance with FASB ASC Topic Business Combinations. Total consideration paid was allocated among acquired assets and assumed liabilities based on their fair values, including Platinum’s claims and claim expense reserves, which totaled $1.4 billion at March 2, 2015, and consisted of $179.7 million and $1.2 billion included in the Company’s Property and Casualty and Specialty segments, respectively. These claims and claim expense reserves are subject to the reserving methodologies for each respective line of business as described below.

The following table summarizes the Company’s claims and claim expense reserves by segment, allocated between case reserves, additional case reserves and IBNR:

At December 31, 2017	Case Reserves	Additional Case Reserves	IBNR	Total
Property	$696,285	$ 896,522	$893,583	$2,486,390
Casualty and Specialty	689,962	124,923	1,760,607	2,575,492
Other	6,605	—	11,921	18,526
Total	$1,392,852	$ 1,021,445	$2,666,111	$5,080,408
At December 31, 2016				
Property	$214,954	$ 186,308	$226,512	$627,774
Casualty and Specialty	591,705	105,419	1,498,002	2,195,126
Other	6,935	—	18,459	25,394
Total	$813,594	$ 291,727	$1,742,973	$2,848,294

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

Year ended December 31,	2017	2016	2015
Net reserves as of January 1	$2,568,730	$2,632,519	$1,345,816
Net incurred related to:			
Current year	1,902,424	694,957	610,685
Prior years	(40,996)	(164,126)	(162,447)
Total net incurred	1,861,428	530,831	448,238
Net paid related to:			
Current year	450,527	83,015	95,747
Prior years	524,298	506,279	425,565
Total net paid	974,825	589,294	521,312
Amounts acquired (1)	—	—	1,394,117
Foreign exchange	38,445	(5,326)	(34,340)
Net reserves as of December 31	3,493,778	2,568,730	2,632,519
Reinsurance recoverable as of December 31	1,586,630	279,564	134,526
Gross reserves as of December 31	$5,080,408	$2,848,294	$2,767,045

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

The Company’s reserving methodology for each line of business uses a loss reserving process that calculates a point estimate for its ultimate settlement and administration costs for claims and claim expenses. The Company does not calculate a range of estimates and does not discount any of its reserves for claims and claim expenses. The Company uses this point estimate, along with paid claims and case reserves, to record its best estimate of additional case reserves and IBNR in its consolidated financial statements. Under GAAP, the Company is not permitted to establish estimates for catastrophe claims and claim expense reserves until an event occurs that gives rise to a loss.

Reserving for reinsurance claims involves other uncertainties, such as the dependence on information from ceding companies, the time lag inherent in reporting information from the primary insurer to the Company or to the Company’s ceding companies, and differing reserving practices among ceding companies. The information received from ceding companies is typically in the form of bordereaux, broker notifications of loss and/or discussions with ceding companies or their brokers. This information may be received on a monthly, quarterly or transactional basis and normally includes paid claims and estimates of case reserves. The Company sometimes also receives an estimate or provision for IBNR. This information is often updated and adjusted from time to time during the loss settlement period as new data or facts in respect of initial claims, client accounts, industry or event trends may be reported or emerge in addition to changes in applicable statutory and case laws.

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

F-39

Company's loss estimates. Loss reserve estimation in respect of the Company's retrocessional contracts poses further challenges compared to directly assumed reinsurance. In addition, the Company’s actual net losses from these events may increase if the Company’s reinsurers or other obligors fail to meet their obligations.
Because of the inherent uncertainties discussed above, the Company has developed a reserving philosophy that attempts to incorporate prudent assumptions and estimates, and the Company has generally experienced favorable net development on prior accident years net claims and claim expenses in the last several years. However, there is no assurance that this favorable development on prior accident years net claims and claim expenses will occur in future periods.
The Company establishes a provision for unallocated loss adjustment expenses ("ULAE") when the related reserve for claims and claim expenses is established. ULAE are expenses that cannot be associated with a specific claim but are related to claims paid or in the process of settlement, such as internal costs of the claims function, and are included in the reserve for claims and claim expenses. The determination of the ULAE provision is subject to judgment.
The Company reevaluates its actuarial reserving techniques on a periodic basis. Typically, the quarterly review procedures include reviewing paid and reported claims in the most recent reporting period, reviewing the development of paid and reported claims from prior periods, and reviewing the Company’s overall experience by underwriting year and in the aggregate. The Company monitors its expected ultimate claims and claim expense ratios and expected claims reporting assumptions on a quarterly basis and compares them to its actual experience. These actuarial assumptions are generally reviewed annually, based on input from the Company’s actuaries, underwriters, claims personnel and finance professionals, although adjustments may be made more frequently if needed. Assumption changes are made to adjust for changes in the pricing and terms of coverage the Company provides, changes in industry results for similar business, as well as its actual experience to the extent the Company has enough data to rely on its own experience. If the Company determines that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the period in which they are identified.
Incurred and Paid Claims Development and Reserving Methodology
The information provided herein about incurred and paid accident year claims development for the years ended prior to December 31, 2017 on a consolidated basis and by segment is presented as supplementary information. The Company applied a retrospective approach with respect to its acquisition of Platinum, presenting all relevant historical information for all periods presented. In addition, included in the incurred claims and claim expenses and cumulated paid claims and claim expenses tables below is a reconciling item that represents the unamortized balance of fair value adjustments recorded in connection with the acquisition of Platinum to reflect an increase in net claims and claim expenses due to the addition of a market based risk margin that represented the cost of capital required by a market participant to assume the net claims and claim expenses of Platinum.
For incurred and paid accident year claims denominated in foreign currency, the Company used the current year-end balance sheet foreign exchange rate for all periods provided, thereby eliminating the effects of changes in foreign currency translation rates from the incurred and paid accident year claims development information included in the tables below.

The following table details the Company’s consolidated incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2017, net of reinsurance, as well as IBNR plus ACR included within the net incurred claims amounts.

Incurred claims and claim expenses, net of reinsurance

For the year ended December 31,

Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	20
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
2008	$1,459,436	$1,421,816	$1,401,967	$1,383,378	$1,310,946	$1,288,248	$1,266,331	$1,256,183	$1,239,405	$1
2009	—	711,042	645,608	628,671	589,136	563,850	542,653	533,597	528,693	53
2010	—	—	1,016,922	975,846	927,941	897,148	896,219	886,997	895,201	89
2011	—	—	—	1,670,722	1,604,273	1,523,332	1,441,370	1,413,256	1,375,169	1,:
2012	—	—	—	—	867,675	773,367	710,123	683,784	655,602	65
2013	—	—	—	—	—	625,081	564,791	518,266	477,294	45
2014	—	—	—	—	—	—	664,603	617,617	605,648	58
2015	—	—	—	—	—	—	—	642,977	631,559	63
2016	—	—	—	—	—	—	—	—	684,960	69
2017	—	—	—	—	—	—	—	—	—	1,9
Total										$8

Cumulative paid claims and claim expenses, net of reinsurance
For the year ended December 31,

Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	20
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
2008	$275,963	$593,570	$800,202	$940,911	$1,016,658	$1,064,412	$1,095,431	$1,123,287	$1,145,149	$1
2009	—	96,574	271,031	323,183	367,996	400,991	440,320	462,407	468,759	47
2010	—	—	131,436	325,377	444,618	516,321	572,829	644,975	737,478	76
2011	—	—	—	259,261	550,668	909,176	1,067,386	1,158,233	1,202,703	1,:
2012	—	—	—	—	166,907	267,650	358,789	418,697	462,253	52
2013	—	—	—	—	—	87,837	181,738	246,582	292,542	33
2014	—	—	—	—	—	—	111,451	201,873	270,380	31
2015	—	—	—	—	—	—	—	96,141	195,140	28
2016	—	—	—	—	—	—	—	—	79,943	21
2017	—	—	—	—	—	—	—	—	—	45
Total										$5
Outstanding liabilities from accident year 2007 and prior, net of reinsurance										28
Claims and claim expenses, net of reinsurance, from the Company's former Bermuda-based insurance operations										67
Adjustment for unallocated claim expenses										23
Unamortized fair value adjustments recorded in connection with the acquisition of Platinum										7,4
Liability for claims and claim expenses, net of reinsurance										$3

Property Segment

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

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

Also included in the Property segment is property per risk, property (re)insurance, binding facilities and regional U.S. multi-line reinsurance. The Company's predominant exposure under such coverage is to property damage. However, other risks, including business interruption and other non-property losses, may also be covered when arising from a covered peril. The Company's coverages are offered on either a worldwide basis or are limited to selected geographic areas. The exposures assumed from retrocessional business can change within a contract term as the underwriters of a retrocedant may alter their book of business after the retrocessional coverage has been bound. The Company offers these products principally through proportional coverage. In a proportional reinsurance arrangement (also referred to as quota share reinsurance or pro rata reinsurance), the reinsurer shares a proportional part of the original premiums and losses of the reinsured.

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

Reserving for most of the Company's Property segment generally does not involve the use of traditional actuarial techniques. Rather, claims and claim expense reserves are estimated by management after a catastrophe occurs by completing an in-depth analysis of the individual contracts which may potentially be impacted by the catastrophic event. The in-depth analysis generally involves: 1) estimating the size of insured industry losses from the catastrophic event; 2) reviewing reinsurance contract portfolios to identify contracts which are exposed to the catastrophic event; 3) reviewing information reported by customers and brokers; 4) discussing the event with customers and brokers; and 5) estimating the ultimate expected cost to settle all claims and administrative costs arising from the catastrophic event on a contract-by-contract basis and in aggregate for the event. Once an event has occurred, during the then current reporting period, the Company records its best estimate of the ultimate expected cost to settle all claims arising from the event. The Company's estimate of claims and claim expense reserves is then determined by deducting cumulative paid losses from its estimate of the ultimate expected loss for an event. The Company’s estimate of IBNR is determined by deducting cumulative paid losses, case reserves and additional case reserves from its estimate of the ultimate expected loss for an event. Once the Company receives a valid notice of loss or payment request under a catastrophe reinsurance contract, it is generally able to process and pay such claims promptly.

Because the events from which claims arise under policies written within the Property segment are typically prominent, public occurrences such as hurricanes and earthquakes, the Company is often able to use independent reports as part of its loss reserve estimation process. The Company also reviews catastrophe bulletins published by various statistical reporting agencies to assist in determining the size of the industry loss, although these reports may not be available for some time after an event.

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

In general, reserves for the Company's more recent reinsured catastrophic events are subject to greater uncertainty and, therefore, greater potential variability, and are likely to experience material changes from one period to the next. This is due to the uncertainty as to the size of the industry losses from the event, uncertainty as to which contracts have been exposed to the catastrophic event, uncertainty due to complex legal and coverage issues that can arise out of large or complex catastrophic events, and uncertainty as to the magnitude of claims incurred by the Company's customers. As the Company's claims age, more information becomes available and the Company believes its estimates become more certain.

The following table details the Company's Property segment incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2017, net of reinsurance, as well as IBNR plus ACR included within the net incurred claims amounts.

	Incurred claims and claim expenses, net of reinsurance										
	For the year ended December 31,										At Decem 31, 20
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	IBNR and A
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
2008	$852,500	$754,840	$754,393	$750,523	$716,537	$701,522	$692,225	$684,834	$683,757	$683,374	$130
2009	—	224,928	169,191	149,830	143,232	138,899	139,676	138,948	139,167	138,732	238
2010	—	—	632,510	584,878	550,608	555,419	576,079	580,084	590,023	592,679	43,479
2011	—	—	—	1,286,890	1,221,811	1,170,141	1,118,651	1,098,124	1,066,200	1,063,035	41,910
2012	—	—	—	—	438,548	345,168	312,216	294,400	276,236	265,058	24,297
2013	—	—	—	—	—	230,355	200,105	177,533	155,384	143,823	5,264
2014	—	—	—	—	—	—	184,076	155,335	147,610	143,419	8,018
2015	—	—	—	—	—	—	—	227,093	196,094	177,296	32,432
2016	—	—	—	—	—	—	—	—	254,595	256,759	91,193
2017	—	—	—	—	—	—	—	—	—	1,345,006	857,67
Total										$4,809,181	$1,104

	Cumulative paid claims and claim expenses, net of reinsurance									
	For the year ended December 31,									
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
2008	$247,123	$392,800	$541,278	$631,204	$664,217	$678,266	$681,988	$683,821	$685,229	$685,874
2009	—	56,244	102,402	117,045	125,021	131,136	135,756	136,806	137,783	137,775
2010	—	—	96,570	226,433	308,198	352,293	389,954	417,446	496,324	506,297
2011	—	—	—	211,151	437,082	763,384	891,928	951,725	978,298	992,272
2012	—	—	—	—	100,067	145,326	189,555	209,059	219,069	231,272
2013	—	—	—	—	—	49,805	94,776	120,117	131,293	135,499
2014	—	—	—	—	—	—	55,365	96,667	119,473	124,533
2015	—	—	—	—	—	—	—	62,358	109,386	128,434
2016	—	—	—	—	—	—	—	—	47,716	119,977
2017	—	—	—	—	—	—	—	—	—	412,477
Total										$3,474,410
Outstanding liabilities from accident year 2007 and prior, net of reinsurance										4,211
Adjustment for unallocated claim expenses										3,352
Unamortized fair value adjustments recorded in connection with the acquisition of Platinum										956
Liability for claims and claim expenses, net of reinsurance										$1,343,290

Casualty and Specialty Segment

The Company offers its casualty and specialty reinsurance products principally on a proportional basis, and it also provides excess of loss coverage. The Company offers casualty and specialty reinsurance products to insurance and reinsurance companies and provides coverage for specific geographic regions or on a worldwide basis. Principally all of the business is reinsurance, although from time to time, the Company writes insurance business.

As with the Company's Property segment, its Casualty and Specialty segment reinsurance contracts can include coverage for relatively large limits or exposures. As a result, the Company's casualty and specialty reinsurance business can be subject to significant claims volatility. In periods of low claims frequency or

severity, the Company's results will generally be favorably impacted while in periods of high claims frequency or severity the Company's results will generally be negatively impacted.
More recently, the Company has accepted a wider range of proportional risks, facilitating the Company's efforts to expand its product offerings. In addition, on March 2, 2015 the Company acquired Platinum and recorded $1.4 billion of claims and claim expense reserves related to the acquisition, of which $1.2 billion was recorded in the Casualty and Specialty segment, with the balance recorded in the Company's Property segment. While the Company remains focused on underwriting discipline, and seeks to remain focused on opportunities amenable to stochastic representation and supported by strong data and analytics, the Company's expanded casualty and specialty product suite and the addition of the claims and claim expense reserves acquired through the Platinum transaction, may pose new, unmodelled or unforeseen risks for which the Company may not be adequately compensated and may also result in a higher level of attritional claims and claim expenses and the potential for reserve development, either adverse or favorable.
The Company's processes and methodologies in respect of loss estimation for the coverages offered through its Casualty and Specialty segment differ from those used for its Property segment. For example, the Company's casualty and specialty coverages are more likely to be impacted by factors such as long-term inflation and changes in the social and legal environment, which the Company believes gives rise to greater uncertainty in its reserves for claims and claim expenses. Moreover, in many lines of business the Company does not have the benefit of a significant amount of its own historical experience and may have little or no related corporate reserving history in many of its newer or growing lines of business. The Company believes this makes its Casualty and Specialty segment reserving subject to greater uncertainty than its Property segment.
The Company calculates multiple point estimates for claims and claim expense reserves using a variety of actuarial reserving techniques for many, but not all, of its classes of business for each underwriting year within the Casualty and Specialty segment. The Company does not believe that these multiple point estimates are, or should be considered a range. Rather, the Company considers each class of business and determines the most appropriate point estimate for each underwriting year based on the characteristics of the particular class including: (1) loss development patterns derived from historical data; (2) the credibility of the selected loss development pattern; (3) the stability of the loss development patterns; (4) how developed the underwriting year is; and (5) the observed loss development of other underwriting years for the same class. The Company also considers other relevant factors, including: (1) historical ultimate loss ratios; (2) the presence of individual large losses; and (3) known occurrences that have not yet resulted in reported losses. The Company makes determinations of the most appropriate point estimate of loss for each class based on an evaluation of relevant information and do not ascribe any particular portion of the estimate to a particular factor or consideration. In addition, the Company believes that a review of individual contract information improves the loss estimates for some classes of business.
When developing claims and claims expense reserves for the Company's Casualty and Specialty segment, it considers several actuarial techniques such as the expected loss ratio method, the Bornhuetter-Ferguson actuarial method and the paid and reported chain ladder actuarial method.
For classes of business and underwriting years where the Company has limited historical claims experience, estimates of ultimate losses that are not related to a specific event are generally initially determined based on the loss ratio method applied to each underwriting year and to each class of business. Unless the Company has credible claims experience or unfavorable development, it generally selects an ultimate loss based on its initial view of the loss. The selected ultimate losses are determined by multiplying the initial expected loss ratio by the earned premium. The initial expected loss ratios are key inputs that involve management judgment and are based on a variety of factors, including: (1) contract by contract expected loss ratios developed during the Company’s pricing process; (2) historical loss ratios and combined ratios adjusted for rate change and trend; and (3) industry benchmarks for similar business. These judgments take into account management’s view of past, current and future factors that may influence ultimate losses, including: (1) market conditions; (2) changes in the business underwritten; (3) changes in timing of the emergence of claims; and (4) other factors that may influence ultimate loss ratios and losses.
The determination of when reported losses are sufficient and credible to warrant selection of an ultimate loss ratio different from the initial expected loss ratios also requires judgment. The Company generally makes adjustments for

reported loss experience indicating unfavorable variances from initial expected loss ratios sooner than reported loss experience indicating favorable variances. This is because the reporting of losses in excess of expectations tends to have greater credibility than an absence or lower than expected level of reported losses. Over time, as a greater number of claims are reported and the credibility of reported losses improves, actuarial estimates of IBNR are typically based on the Bornhuetter-Ferguson actuarial method or the reported chain ladder actuarial method.

The Bornhuetter-Ferguson method allows for greater weight to be applied to expected results in periods where little or no actual experience is available, and, hence, is less susceptible to the potential pitfall of being excessively swayed by one year or one quarter of actual paid and/or reported loss data, compared to the chain ladder actuarial method. The Bornhuetter-Ferguson method uses initial expected loss ratio expectations to the extent that the expected paid or reported losses are zero, and it assumes that past experience is not fully representative of the future. As the Company's reserves for claims and claim expenses age, and actual claims experience becomes available, this method places less weight on expected experience and places more weight on actual experience. This experience, which represents the difference between expected reported claims and actual reported claims, is reflected in the respective reporting period as a change in estimate. The utilization of the Bornhuetter-Ferguson method requires the Company to estimate an expected ultimate claims and claim expense ratio and select an expected loss reporting pattern. The Company selects its estimates of the expected ultimate claims and claim expense ratios as described above and selects its expected loss reporting patterns by utilizing actuarial analysis, including management's judgment, and historical patterns of paid losses and reporting of case reserves to the Company, as well as industry loss development patterns. The estimated expected claims and claim expense ratio may be modified to the extent that reported losses at a given point in time differ from what would be expected based on the selected loss reporting pattern.

The reported chain ladder actuarial method utilizes actual reported losses and a loss development pattern to determine an estimate of ultimate losses that is independent of the initial expected ultimate loss ratio and earned premium. The Company believes this technique is most appropriate when there are a large number of reported losses with significant statistical credibility and a relatively stable loss development pattern. Information that may cause future loss development patterns to differ from historical loss development patterns is considered and reflected in the Company's selected loss development patterns as appropriate. For certain reinsurance contracts, historical loss development patterns may be developed from ceding company data or other sources.

In addition, certain casualty and specialty coverages may be impacted by natural and man-made catastrophes. The Company estimates reserves for claim and claim expenses for these losses after the event giving rise to these losses occurs, following a process that is similar to its Property segment described above.

The following table details the Company’s Casualty and Specialty segment incurred claims and claim expenses and cumulative paid claims and claim expenses as of December 31, 2017, net of reinsurance, as well as IBNR plus ACR included within the net incurred claims amounts.

	Incurred claims and claim expenses, net of reinsurance										At
	For the year ended December 31,										Decem 31, 20
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	IBNR and A
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
2008	$606,936	$666,976	$647,574	$632,855	$594,409	$586,726	$574,106	$571,349	$555,648	$557,742	$44,05
2009	—	486,114	476,417	478,841	445,904	424,951	402,977	394,649	389,526	392,791	22,783
2010	—	—	384,412	390,968	377,333	341,729	320,140	306,913	305,178	301,371	33,048
2011	—	—	—	383,832	382,462	353,191	322,719	315,132	308,969	298,395	47,184
2012	—	—	—	—	429,127	428,199	397,907	389,384	379,366	393,122	69,789
2013	—	—	—	—	—	394,726	364,686	340,733	321,910	307,161	81,445
2014	—	—	—	—	—	—	480,527	462,282	458,038	443,140	75,103
2015	—	—	—	—	—	—	—	415,884	435,465	457,652	207,89
2016	—	—	—	—	—	—	—	—	430,365	434,713	267,65
2017	—	—	—	—	—	—	—	—	—	556,303	477,23
Total										$4,142,390	$1,326

	Cumulative paid claims and claim expenses, net of reinsurance									
	For the year ended December 31,									
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
2008	$28,840	$200,770	$258,924	$309,707	$352,441	$386,146	$413,443	$439,466	$459,920	$478,773
2009	—	40,330	168,629	206,138	242,975	269,855	304,564	325,601	330,976	338,523
2010	—	—	34,866	98,944	136,420	164,028	182,875	227,529	241,154	258,040
2011	—	—	—	48,110	113,586	145,792	175,458	206,508	224,405	238,013
2012	—	—	—	—	66,840	122,324	169,234	209,638	243,184	295,881
2013	—	—	—	—	—	38,032	86,962	126,465	161,249	194,685
2014	—	—	—	—	—	—	56,086	105,206	150,907	195,007
2015	—	—	—	—	—	—	—	33,783	85,754	161,196
2016	—	—	—	—	—	—	—	—	32,227	99,439
2017	—	—	—	—	—	—	—	—	—	38,409
Total										$2,297,966
Outstanding liabilities from accident year 2007 and prior, net of reinsurance										278,571
Adjustment for unallocated claim expenses										20,342
Unamortized fair value adjustments recorded in connection with the acquisition of Platinum										6,478
Liability for claims and claim expenses, net of reinsurance										$2,149,815

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

The Company’s estimates of claims and claim expense reserves are not precise in that, among other things, they are based on predictions of future developments and estimates of future trends and other variable factors. Some, but not all, of the Company’s reserves are further subject to the uncertainty inherent in actuarial methodologies and estimates. Because a reserve estimate is simply an insurer’s estimate at a point in time of its ultimate liability, and because there are numerous factors that affect reserves and claims payments that cannot be determined with certainty in advance, the Company's ultimate payments will vary, perhaps materially, from its estimates of reserves. If the Company determines in a subsequent period that adjustments to its previously established reserves are appropriate, such adjustments are recorded in the period in which they are identified. On a net basis, the Company's cumulative favorable or unfavorable

development is generally reduced by offsetting changes in its reinsurance recoverables, as well as changes to loss related premiums such as reinstatement premiums and redeemable noncontrolling interest for changes in claims and claim expenses that impact DaVinciRe, all of which generally move in the opposite direction to changes in the Company's ultimate claims and claim expenses.
The following table details the Company's prior year development by segment of its liability for unpaid claims and claim expenses:

Year ended December 31,	2017 (Favorable) adverse development	2016 (Favorable) adverse development	2015 (Favorable) adverse development
Property	$ (45,596)	$ (104,876)	$ (93,786)
Casualty and Specialty	6,183	(58,140)	(67,791)
Other	(1,583)	(1,110)	(870)
Total favorable development of prior accident years net claims and claim expenses	$ (40,996)	$ (164,126)	$ (162,447)

Changes to prior year estimated claims reserves decreased the Company's net loss by $41.0 million during 2017 (2016 - increased the Company's net income by $164.1 million, 2015 - increased the Company's net income by $162.4 million), excluding the consideration of changes in reinstatement, adjustment or other premium changes, profit commissions, redeemable noncontrolling interest - DaVinciRe and income tax.

Property Segment

The following tables and discussion detail the development of the Company's liability for unpaid claims and claim expenses for its Property segment, allocated between large and small catastrophe net claims and claim expenses and attritional net claims and claim expenses, included in the other line item:

Year ended December 31, 2017	(Favorable) adverse development		
Catastrophe net claims and claim expenses			
Large catastrophe events			
Storm Sandy (2012)	$	(4,395	)
April and May U.S. Tornadoes (2011)	(4,177		)
Thailand Floods (2011)	(2,513		)
Hurricane Matthew (2016)	(1,239		)
New Zealand Earthquake (2011)	5,807		
New Zealand Earthquake (2010)	4,061		
Other	(5,184		)
Total large catastrophe events	(7,640		)
Small catastrophe events			
2016 PCS Events (2016)	(18,550		)
Tianjin Explosion (2015)	(8,002		)
Fort McMurray Wildfire (2016)	(6,364		)
Other	(5,882		)
Total small catastrophe events	(38,798		)
Total catastrophe net claims and claim expenses	(46,438		)
Actuarial assumption changes	842		
Total net favorable development of prior accident years net claims and claim expenses	$	(45,596	)

The net favorable development of prior accident years net claims and claim expenses within the Company's Property segment in 2017 of $45.6 million was comprised of net favorable development of $7.6 million related to large catastrophe events, net favorable development of $38.8 million related to small catastrophe events and $0.8 million of adverse development associated with actuarial assumption changes. Included in net favorable development of prior accident years net claims and claim expenses from large events was a number of relatively small net decreases in the estimated ultimate losses associated with a number of events from prior accident years. Included in net favorable development of prior accident years net claims and claims expenses from small events was a reduction in the estimated ultimate losses associated with the 2016 PCS Events of $18.6 million, the 2015 Tianjin Explosion of $8.0 million and the 2016 Fort McMurray Wildfire of $6.4 million. In addition, the Company's Property segment experienced net favorable development of $5.9 million associated with a number of other small catastrophe events.

F-49

Year ended December 31,	2016 (Favorable) adverse development
Catastrophe net claims and claim expenses	
Large catastrophe events	
Thailand Floods (2011)	$ (15,131)
Storm Sandy (2012)	(10,849)
Tohoku Earthquake and Tsunami (2011)	(7,314)
New Zealand Earthquake (2011)	1,987
New Zealand Earthquake (2010)	6,904
Other	(9,523)
Total large catastrophe events	(33,926)
Small catastrophe events	
U.S. PCS 13/14 Wind and Thunderstorm (2013)	(6,286)
Tianjin Explosion (2015)	(5,686)
U.S. PCS 15 Wind and Thunderstorm (2013)	(5,648)
U.S. PCS 81 Wind and Thunderstorm (2015)	(5,098)
Other	(48,232)
Total small catastrophe events	(70,950)
Total catastrophe net claims and claim expenses	(104,876)
Total net favorable development of prior accident years net claims and claim expenses	$ (104,876)

The net favorable development of prior accident years net claims and claim expenses within the Company's Property segment in 2016 of $104.9 million was principally driven by $33.9 million and $71.0 million related to large and small catastrophes, respectively. Included in the net favorable development of prior accident years net claims and claim expenses associated with large catastrophes was favorable development of $15.1 million from the 2011 Thailand Floods, $10.8 million from Storm Sandy in 2012, $7.3 million from the 2011 Tohoku Earthquake and Tsunami, partially offset by adverse development of $6.9 million and $2.0 million related to the 2010 and 2011 New Zealand Earthquakes, respectively, each principally the result of changes in estimated ultimate losses for each respective event. Included in the favorable development of prior accident years net claims and claim expenses related to small catastrophe events were a number of wind and thunderstorm events, primarily from the 2013 and 2015 accident years totaling $17.0 million, and $5.7 million associated with the 2015 Tianjin Explosion, each principally the result of changes in estimated ultimate losses for each respective event, with the remainder due to a number of other large and small catastrophe events related to lines of business where the Company principally estimates net claims and claim expenses using traditional actuarial methods.

Year ended December 31, 2015	(Favorable) adverse development	
Catastrophe net claims and claim expenses		
Large catastrophe events		
Thailand Floods (2011)	$	(18,823)
Tohoku Earthquake and Tsunami (2011)	(5,313)	
New Zealand Earthquake (2011)	22,754	
2011 International Events	(1,382)	
Storm Sandy (2012)	(12,503)	
April and May U.S. Tornadoes (2011)	(10,190)	
New Zealand Earthquake (2010)	1,095	
Other	(11,300)	
Total large catastrophe events	(34,280)	
Small catastrophe events		
Other	(58,005)	
Total small catastrophe events	(58,005)	
Total catastrophe net claims and claim expenses	(92,285)	
Actuarial assumption changes	(1,501)	
Total net favorable development of prior accident years net claims and claim expenses	$	(93,786)

The favorable development of prior accident years net claims and claim expenses within the Company's Property segment in 2015 of $93.8 million was comprised of $34.3 million and $58.0 million related to large and small catastrophe events, respectively. Included in the favorable development of prior accident years net claims and claim expenses related to large catastrophe events was $12.5 million related to Storm Sandy and $10.2 million related to the April and May 2011 U.S. Tornadoes, each principally the result of changes in the Company's estimated ultimate loss for each respective event. In addition, the Company experienced $69.3 million of favorable development related to a number of other large and small catastrophe events related to lines of business where the Company principally estimates net claims and claim expenses using traditional actuarial methods. Net favorable development of prior accident years net claims and claim expenses related to the 2011 New Zealand Earthquake, the 2011 Thailand Floods and the 2011 Tohoku Earthquake and Tsunami (collectively the "2011 International Events") was $1.4 million and included reductions in reported losses on the 2011 Thailand Floods and Tohoku Earthquake and Tsunami, offset by a net increase in reported losses on the 2011 New Zealand Earthquake, with each respective movement principally driven by the same counterparties re-allocating losses among the 2011 International Events.

Casualty and Specialty Segment

The following table details the development of the Company’s liability for unpaid claims and claim expenses for its Casualty and Specialty segment:

Year ended December 31,	2017 (Favorable) adverse development	2016 (Favorable) adverse development	2015 (Favorable) adverse development
Actuarial methods - actual reported claims less than expected claims	$ (24,836)	$ (52,601)	$ (72,551)
Ogden Rate change	33,481	—	—
Actuarial assumption changes	(2,462)	(5,539)	4,760
Total favorable development of prior accident years net claims and claim expenses	$ 6,183	$ (58,140)	$ (67,791)

The net adverse development of prior accident years net claims and claim expenses within the Company’s Casualty and Specialty segment in 2017 of $6.2 million was driven by $33.5 million of adverse development associated with the change in the discount rate used to calculate lump sum awards in U.K. bodily injury cases (the “Ogden Rate”), from 2.5%, to minus 0.75%. Offsetting the adverse development due to the impact of the Ogden Rate change was $24.8 million of net favorable development in 2017 related to actual reported losses coming in lower than expected on attritional net claims and claim expenses across a number of lines of business and $2.5 million of net favorable development associated with actuarial assumption changes.

The favorable development of prior accident years net claims and claim expenses within the Company’s Casualty and Specialty segment in 2016 of $58.1 million was driven by $52.6 million related to the application of the Company’s formulaic actuarial reserving methodology with attritional net claims and claim expenses reported coming in lower than expected on prior accident years events and $5.5 million of favorable development associated with actuarial assumption changes.

The favorable development of prior accident years net claims and claim expenses within the Company’s Casualty and Specialty segment in 2015 of $67.8 million was driven by $72.6 million related to the application of the Company’s formulaic actuarial reserving methodology with attritional net claims and claim expenses reported coming in lower than expected on prior accident years events, partially offset by adverse development of $4.8 million associated with actuarial assumption changes.

Other

The following table details the development of the Company’s liability for unpaid claims and claim expenses for its Other category:

Year ended December 31,	2017 (Favorable) adverse development	2016 (Favorable) adverse development	2015 (Favorable) adverse development
Other	$ (1,583)	$ (1,110)	$ (870)

The Company’s Other category experienced net favorable development on prior accident years net claims and claim expenses of $1.6 million in 2017 (2016 - $1.1 million; 2015 - $0.9 million).

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Reserve for Claims and Claim Expenses

The reconciliation of the net incurred and paid claims development tables to the reserve for claims and claim expenses in the consolidated balance sheet is as follows:

At December 31, 2017	
Net reserve for claims and claim expenses	
Property	$1,343,290
Casualty and Specialty	2,149,815
Other	673
Total net reserve for claims and claim expenses	3,493,778
Reinsurance recoverable	
Property	$1,143,100
Casualty and Specialty	425,677
Other	17,853
Total reinsurance recoverable	1,586,630
Total gross reserve for claims and claim expenses	$5,080,408

Historical Claims Duration

The following is unaudited supplementary information about average historical claims duration by segment:

	Average annual percentage payout of incurred claims by age, net of reinsurance (number of years)									
At December 31, 2017	1	2	3	4	5	6	7	8	9	10
Property	27.8%	23.0%	21.3%	10.1%	5.2%	3.1%	3.9%	0.9%	0.2%	0.1%
Casualty and Specialty	10.1%	19.6%	11.8%	9.8 %	8.3%	9.5%	4.9%	3.9%	2.9%	3.4%

Claims Frequency

Each of the Company’s reportable segments are broadly considered to be assumed reinsurance, where multiple claims are often aggregated, perhaps multiple times through retrocessional reinsurance, before ultimately being ceded to the Company. In addition, the nature, size, terms and conditions of contracts entered into by the Company changes from one accident year to the next and the quantum of contractual or policy limits, and accordingly the potential amount of claims and claim expenses associated with a reported claim, can range from nominal, to significant. These factors can impact the amount and timing of the claims and claim expenses to be recorded and accordingly, developing claim frequency information is highly subjective and is not prepared or utilized for internal purposes. In addition, the Company does not have direct access to claim frequency information underlying certain of its proportional contracts given the nature of that business. As a result, the Company does not believe providing claim frequency information is practicable as it relates to its proportional contracts.

Notwithstanding the factors noted above, the Company has developed claims frequency information associated with its excess of loss reinsurance contracts. As each accident year develops, the Company would expect the cumulative number of reported claims to increase in certain of its excess of loss reinsurance contracts, most notably in its Casualty and Specialty segment. In determining claims frequency for its excess of loss reinsurance contracts, the Company has made the following assumptions:

- Claims below the insured layer of a contract are excluded;
- If an insured loss event results in claims associated with a number of layers of a contract, the Company would consider this to be a single claim; and
- If an insured loss event results in claims associated with a number of the Company's operating subsidiaries, the Company considers each operating subsidiary to have a reported claim.

F-53

The following table details the Company's cumulative number of reported claims for its excess of loss reinsurance contracts allocated by segment:

	At December 31, 2017	
	Cumulative number of reported claims	
Accident Year	Property	Casualty and Specialty
2008	1,355	1,395
2009	743	1,112
2010	784	1,052
2011	1,184	1,367
2012	679	1,354
2013	628	1,409
2014	549	1,771
2015	591	1,569
2016	818	1,114
2017	1,173	313

Assumed Reinsurance Contracts Classified As Deposit Contracts

Net claims and claim expenses incurred were reduced by $0.2 million during 2017 (2016 – $0.2 million, 2015 – $0.3 million) related to income earned on assumed reinsurance contracts that were classified as deposit contracts with underwriting risk only. Other income was increased by $3.7 million during 2017 (2016 – $6.2 million, 2015 – $6.2 million) related to premiums and losses incurred on assumed reinsurance contracts that were classified as deposit contracts with timing risk only. Aggregate deposit liabilities of $21.7 million are included in reinsurance balances payable at December 31, 2017 (2016 – $25.7 million) and aggregate deposit assets of $Nil are included in other assets at December 31, 2017 (2016 – $Nil) associated with these contracts.

NOTE 9. DEBT AND CREDIT FACILITIES

Debt Obligations

A summary of the Company’s debt obligations on its consolidated balance sheets is set forth below:

	December 31, 2017		December 31, 2016	
	Fair Value	Carrying Value	Fair Value	Carrying Value
3.450% Senior Notes due 2027	$294,654	$295,303	$—	$—
3.700% Senior Notes due 2025	302,781	297,318	291,750	296,948
5.75% Senior Notes due 2020	263,750	249,272	270,875	248,941
Series B 7.50% Senior Notes due 2017	—	—	257,500	255,352
4.750% Senior Notes due 2025 (DaVinciRe) (1)	157,050	147,730	144,675	147,422
	$1,018,235	$989,623	$964,800	$948,663

(1) RenaissanceRe owns a noncontrolling economic interest in its joint venture DaVinciRe. Because RenaissanceRe controls a majority of DaVinciRe’s outstanding voting rights, the consolidated financial statements of DaVinciRe are included in the consolidated financial statements of RenaissanceRe. However, RenaissanceRe does not guarantee or provide credit support for DaVinciRe and RenaissanceRe’s financial exposure to DaVinciRe is limited to its investment in DaVinciRe’s shares and counterparty credit risk arising from reinsurance transactions.

3.450% Senior Notes due 2027 of RenaissanceRe Finance

On June 29, 2017, RenaissanceRe Finance issued $300.0 million of its 3.450% Senior Notes due July 1, 2027, with interest on the notes payable on July 1 and January 1 of each year. The notes are fully and unconditionally guaranteed by RenaissanceRe and may be redeemed by RenaissanceRe Finance prior to

F-54

maturity, subject to the payment of a “make-whole” premium if the notes are redeemed prior to April 1, 2027. The notes contain various covenants, including limitations on mergers and consolidations, and restrictions as to the disposition of, and the placing of liens on, stock of designated subsidiaries.

3.700% Senior Notes due 2025 of RenaissanceRe Finance

On March 24, 2015, RenaissanceRe Finance issued $300.0 million of its 3.700% Senior Notes due April 1, 2025, with interest on the notes payable on April 1 and October 1 of each year. The notes are fully and unconditionally guaranteed by RenaissanceRe and may be redeemed by RenaissanceRe Finance prior to maturity, subject to the payment of a “make-whole” premium if the notes are redeemed prior to January 1, 2025. The notes contain various covenants, including limitations on mergers and consolidations, and restrictions as to the disposition of, and the placing of liens on, stock of designated subsidiaries.

The net proceeds from the offering of the notes (together with cash on hand) were applied by RenaissanceRe to repay in full a $300.0 million bridge loan that Barclays Bank PLC provided to RenaissanceRe on February 25, 2015 in order to finance a portion of the cash consideration paid by RenaissanceRe in connection with the acquisition of Platinum. Refer to “Note 3. Acquisition of Platinum” for additional information related to the cash consideration paid by RenaissanceRe in connection with the acquisition of Platinum.

5.75% Senior Notes due 2020 of RenRe North America Holdings Inc. (“RRNAH”) and RenaissanceRe Finance

On March 17, 2010, RenRe North America Holdings Inc. (“RRNAH”) issued $250.0 million of its 5.75% Senior Notes due March 15, 2020 (the “RRNAH Notes”), with interest on the notes payable on March 15 and September 15 of each year. RenaissanceRe Finance became a co-obligor of the notes as of July 3, 2015. The notes, which are senior obligations, are fully and unconditionally guaranteed by RenaissanceRe and may be redeemed prior to maturity, subject to the payment of a “make-whole” premium. The notes contain various covenants, including limitations on mergers and consolidations, and restrictions as to the disposition of, and the placing of liens on, stock of designated subsidiaries.

Series B 7.50% Notes due 2017 of Platinum Underwriters Finance, Inc.

On November 2, 2005, Platinum Underwriters Finance, Inc. (“Platinum Finance”) issued $250.0 million in aggregate principal amount of its Series B 7.50% Notes due June 1, 2017 (the “Platinum Finance Notes”). On June 1, 2017, the Platinum Finance Notes matured and the Company repaid the aggregate principal amount of $250.0 million plus applicable accrued interest in full. Platinum Finance was subsequently dissolved on November 30, 2017. Interest on the Platinum Finance Notes was payable on June 1 and December 1 of each year. The Platinum Finance Notes, which were senior obligations, were fully and unconditionally guaranteed by RenaissanceRe, and were redeemable by Platinum Finance prior to maturity, subject to the payment of a “make-whole” premium. The Platinum Finance Notes contained various covenants, including limitations on mergers and consolidations, and restrictions as to the disposition of, and the placing of liens on, the stock of designated subsidiaries.

DaVinciRe Senior Notes

On May 4, 2015, DaVinciRe issued $150.0 million of its 4.750% Senior Notes due May 1, 2025, with interest on the notes payable on May 1 and November 1, commencing with November 1, 2015 (the “DaVinciRe Senior Notes”). The DaVinciRe Senior Notes, which are senior obligations, may be redeemed prior to maturity, subject to the payment of a “make-whole” premium if the notes are redeemed before February 1, 2025. The DaVinciRe Senior Notes contain various covenants including restrictions as to the disposition of, and the placing of liens on, the stock of designated subsidiaries, limitations on mergers, amalgamations and consolidations, limitations on third party investor redemptions, a leverage covenant and a covenant to maintain certain ratings. The net proceeds from this offering were used to repay, in full, $100.0 million outstanding under the loan agreement, dated as of March 30, 2011, between DaVinciRe and RenaissanceRe, and the remainder of the net proceeds may be used to repurchase DaVinciRe shares or for general corporate purposes.

Credit Facilities

The outstanding amounts issued or drawn under each of the Company’s significant credit facilities is set forth below:

At December 31, 2017	Issued or Drawn
RenaissanceRe Revolving Credit Facility	$—
Uncommitted Standby Letter of Credit Facility with Wells Fargo	106,794
Uncommitted Standby Letter of Credit Facility with NAB	3,785
Bilateral Letter of Credit Facility with Citibank Europe	197,278
Renaissance Reinsurance FAL Facility	180,000
Total credit facilities in U.S. dollars	$487,857
Specialty Risks FAL Facility	£10,000
Total credit facilities in British Pounds	£10,000

RenaissanceRe Revolving Credit Facility

On May 15, 2015, RenaissanceRe entered into an amended and restated credit agreement (the “Revolving Credit Agreement”) with various banks, financial institutions and Wells Fargo Bank, National Association (“Wells Fargo”) as administrative agent, which amended and restated the credit agreement, dated as of May 17, 2012, as amended. The Revolving Credit Agreement provides for a revolving commitment to RenaissanceRe of $250.0 million. RenaissanceRe has the right, subject to satisfying certain conditions, to increase the size of the facility to $350.0 million. Amounts borrowed under the Revolving Credit Agreement bear interest at a rate selected by RenaissanceRe equal to the Base Rate or LIBOR (each as defined in the Revolving Credit Agreement) plus a margin, as more fully set forth in the Revolving Credit Agreement. At December 31, 2017, RenaissanceRe had $Nil outstanding under the Revolving Credit Agreement.

The Revolving Credit Agreement contains representations, warranties and covenants customary for bank loan facilities of this type, including limits on the ability of RenaissanceRe and its subsidiaries to merge, consolidate, sell a substantial amount of assets, incur liens and declare or pay dividends under certain circumstances. The Revolving Credit Agreement also contains certain financial covenants which generally provide that the ratio of consolidated debt to capital shall not exceed 0.35:1 and that the consolidated net worth of RenaissanceRe shall equal or exceed approximately $2.9 billion. The net worth requirement is recalculated effective as of the end of each fiscal year.

If certain events of default occur, in some circumstances the lenders’ obligations to make loans may be terminated and the outstanding obligations of RenaissanceRe under the Revolving Credit Agreement may be accelerated. The scheduled commitment maturity date of the Revolving Credit Agreement is May 15, 2020.

RRNAH and RenaissanceRe Finance guarantee RenaissanceRe’s obligations under the Revolving Credit Agreement. Subject to certain exceptions, additional subsidiaries of RenaissanceRe are required to become guarantors if such subsidiaries issue or incur certain types of indebtedness.

Uncommitted Standby Letter of Credit Facility with Wells Fargo Bank, National Association

Renaissance Reinsurance, DaVinci and Renaissance Reinsurance U.S. (collectively, the “Applicants”) and RenaissanceRe are parties to a Standby Letter of Credit Agreement, as amended (the “Standby Letter of Credit Agreement”) with Wells Fargo which provides for a secured, uncommitted facility under which letters of credit may be issued from time to time for the respective accounts of the Applicants. RenaissanceRe has unconditionally guaranteed the payment obligations of the Applicants, other than DaVinci.

The Standby Letter of Credit Agreement contains representations, warranties and covenants that are customary for facilities of this type. At all times during which it is a party to the Standby Letter of Credit Agreement, each Applicant is required to pledge to Wells Fargo eligible collateral having a value (determined as provided in such agreement) that equals or exceeds the aggregate face amount of the

outstanding letters of credit issued for its account plus all of such Applicant's payment and reimbursement obligations in respect of such letters of credit. In the case of an event of default, Wells Fargo may exercise certain remedies, including conversion of collateral of a defaulting Applicant into cash.

Effective October 12, 2016, in connection with the merger of RenaissanceRe Specialty Risks and Platinum Bermuda into Renaissance Reinsurance, Renaissance Reinsurance assumed all of the obligations of RenaissanceRe Specialty Risks and Platinum Bermuda under the Standby Letter of Credit Agreement.

At December 31, 2017, the Applicants had $106.8 million of letters of credit outstanding under the Standby Letter of Credit Agreement.

National Australia Bank Limited Standby Letter of Credit Agreement

Effective as of May 19, 2015, Renaissance Reinsurance, RenaissanceRe Specialty Risks, DaVinci and Platinum Bermuda (collectively, the "NAB Facility Applicants") and RenaissanceRe entered into a Standby Letter of Credit Agreement (the "NAB Standby Letter of Credit Agreement") with National Australia Bank Limited ("NAB"). The NAB Standby Letter of Credit Agreement provides for a secured, uncommitted facility under which letters of credit may be issued from time to time for the respective accounts of the NAB Facility Applicants in multiple currencies. RenaissanceRe has unconditionally guaranteed the payment obligations of the NAB Facility Applicants, other than DaVinci.

The NAB Standby Letter of Credit Agreement contains representations, warranties and covenants that are customary for facilities of this type. At all times during which it is a party to the NAB Standby Letter of Credit Agreement, each NAB Facility Applicant is required to pledge to NAB eligible collateral having a value (determined as provided in such agreement) that equals or exceeds the aggregate stated amount of the letters of credit issued thereunder for its account, plus all of its reimbursement and payment obligations under the NAB Standby Letter of Credit Agreement. In the case of an event of default under the NAB Standby Letter of Credit Agreement, NAB may exercise certain remedies, including conversion of collateral of a defaulting NAB Facility Applicant into cash.

Effective October 3, 2016, in connection with the merger of RenaissanceRe Specialty Risks and Platinum Bermuda into Renaissance Reinsurance, Renaissance Reinsurance assumed all of the obligations of RenaissanceRe Specialty Risks and Platinum Bermuda under the NAB Standby Letter of Credit Agreement.

At December 31, 2017, the NAB Facility Applicants had $3.8 million outstanding under the NAB Standby Letter of Credit Agreement.

Bilateral Letter of Credit Facility with Citibank Europe

Pursuant to the facility letter, dated September 17, 2010, as amended, among Citibank Europe plc ("CEP") and certain subsidiaries and affiliates of RenaissanceRe (the "Facility Letter"), CEP has established a letter of credit facility (the "Bilateral Facility") under which CEP provides a commitment to issue letters of credit for the account of one or more of the Bilateral Facility Participants (as defined below) and their respective subsidiaries in multiple currencies. The "Bilateral Facility Participants" currently include Renaissance Reinsurance, DaVinci, Renaissance Reinsurance of Europe, RenaissanceRe Specialty U.S.and Renaissance Reinsurance U.S. The aggregate commitment amount is $300.0 million, subject to a sublimit of $25.0 million for letters of credit issued for the account of Renaissance Reinsurance U.S.

The Bilateral Facility is scheduled to expire on December 31, 2019. At all times during which it is a party to the Bilateral Facility, each Bilateral Facility Participant is obligated to pledge to CEP securities with a value (determined as provided in such facility) that equals or exceeds the aggregate face amount of its then-outstanding letters of credit. In the case of an event of default under the Bilateral Facility with respect to a Bilateral Facility Participant, CEP may exercise certain remedies, including terminating its commitment to such Bilateral Facility Participant and taking certain actions with respect to the collateral pledged by such Bilateral Facility Participant (including the sale thereof). In the Facility Letter, each Bilateral Facility Participant makes representations and warranties that are customary for facilities of this type and agrees that it will comply with certain informational and other undertakings, including those regarding the delivery of quarterly and annual financial statements.

Effective October 1, 2016, in connection with the merger of RenaissanceRe Specialty Risks and Platinum Bermuda into Renaissance Reinsurance, Renaissance Reinsurance assumed all of the obligations of RenaissanceRe Specialty Risks and Platinum Bermuda under the Bilateral Facility.

At December 31, 2017, $197.3 million aggregate face amount of letters of credit was outstanding and, subject to the sublimits described above, $102.7 million remained unused and available to the Bilateral Facility Participants under the Bilateral Facility.

Funds at Lloyd’s Letter of Credit Facilities

Effective November 23, 2015, Renaissance Reinsurance entered into a letter of credit facility with Bank of Montreal (“BMO”), CEP and ING Bank N.V. (“ING”) as lenders (the “Renaissance Reinsurance FAL Facility”), evidenced by a letter of credit reimbursement agreement (the “Reimbursement Agreement”), which provides for the issuance by the lenders of letters of credit to support business written by Syndicate 1458. Effective May 31, 2016 the Funds at Lloyd’s letters of credit issued for the account of Renaissance Reinsurance were increased from $360.0 million and £85.0 million to $380.0 million and £90.0 million, respectively, and effective as of May 25, 2017, the stated amount of the $380.0 million letter of credit was reduced to $180.0 million and the £90.0 million letter of credit was cancelled.

Renaissance Reinsurance may request that the Renaissance Reinsurance FAL Facility be amended to increase the stated amount of the letter of credit, or issue a new letter or credit denominated in British Pounds, in an aggregate amount for all such increases or issuances not to exceed $150.0 million or the equivalent thereof.

At all times during the term of the Renaissance Reinsurance FAL Facility, Renaissance Reinsurance is obligated to pledge to the lenders certain eligible securities with a collateral value (determined as provided in the Reimbursement Agreement) that, until a Full Collateralization Event (as defined in the Reimbursement Agreement) occurs, is at Renaissance Reinsurance’s election, either (i) greater than or equal to 100% of the aggregate amount of its then-outstanding letters of credit or (ii) greater than or equal to 60% but less than 100% of the aggregate amount of its then-outstanding letters of credit. Upon the occurrence of a Full Collateralization Event, Renaissance Reinsurance is obligated to collateralize the Renaissance Reinsurance FAL Facility at 100%. The latest date upon which Renaissance Reinsurance will become obligated to collateralize the Facility at 100% is December 31, 2018.

In the Reimbursement Agreement, Renaissance Reinsurance makes representations and warranties that are customary for facilities of this type and agrees that it will comply with certain informational undertakings and other covenants, including maintaining a minimum net worth. In the case of an event of default under the Renaissance Reinsurance FAL Facility, the lenders may exercise certain remedies, including declaring all outstanding obligations of Renaissance Reinsurance under the Reimbursement Agreement and related credit documents due and payable and taking certain actions with respect to the collateral pledged by Renaissance Reinsurance (including the sale thereof).

At December 31, 2017, the face amount of the outstanding letter of credit issued by CEP under the Renaissance Reinsurance FAL Facility was $180.0 million.

Effective November 24, 2014, RenaissanceRe Specialty Risks and CEP entered into a letter of credit facility (the “Specialty Risks FAL Facility”), evidenced by a Master Agreement (the “Specialty Risks Master Agreement”), and a related Pledge Agreement (the “Specialty Risks Pledge Agreement”), which provided for the issuance and renewal by CEP for the account of RenaissanceRe Specialty Risks of letters of credit that are used to support business written by RenaissanceRe Specialty Risks and Syndicate 1458. Effective October 1, 2016, in connection with the merger of RenaissanceRe Specialty Risks and Platinum Bermuda into Renaissance Reinsurance, Renaissance Reinsurance assumed all of the obligations of RenaissanceRe Specialty Risks under the Specialty Risks FAL Facility. At all times during the term of the Specialty Risks FAL Facility, RenaissanceRe Specialty Risks has agreed to pledge to CEP certain qualifying securities with a value (determined as provided in the Specialty Risks Pledge Agreement) equal to the aggregate face amount of the then-outstanding letters of credit. The Specialty Risks Master Agreement and the Specialty Risks Pledge Agreement contain representations, warranties and covenants that are customary for facilities of this type. At December 31, 2017, letters of credit issued by CEP under the Specialty Risks FAL Facility were outstanding in the face amount of £10.0 million.

Top Layer Re

Renaissance Reinsurance is party to a collateralized letter of credit and reimbursement agreement in the amount of $37.5 million that supports the Company’s Top Layer Re joint venture. Renaissance Reinsurance is obligated to make a mandatory capital contribution of up to $50.0 million in the event that a loss reduces Top Layer Re’s capital below a specified level.

Scheduled Debt Maturity

The following table sets forth the scheduled maturity of the Company’s aggregate amount of its debt obligation reflected on its consolidated balance sheet at December 31, 2017:

2018	$—
2019	—
2020	250,000
2021	—
2022	—
After 2022	750,000
Unamortized discount and debt issuance expenses	(10,377)
	$989,623

NOTE 10. NONCONTROLLING INTERESTS

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

	December 31, 2017	December 31, 2016
Redeemable noncontrolling interest - DaVinciRe	$ 1,011,659	$ 994,458
Redeemable noncontrolling interest - Medici	284,847	181,136
Redeemable noncontrolling interests	$ 1,296,506	$ 1,175,594

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

	2017	2016	2015
Redeemable noncontrolling interest - DaVinciRe	$(134,860)	$118,748	$106,399
Redeemable noncontrolling interest - Medici	2,578	8,338	4,651
Net income attributable to redeemable noncontrolling interests	$(132,282)	$127,086	$111,050

Redeemable Noncontrolling Interest – DaVinciRe

In October 2001, the Company formed DaVinciRe and DaVinci with other equity investors. RenaissanceRe owns a noncontrolling economic interest in DaVinciRe; however, because RenaissanceRe controls a majority of DaVinciRe’s outstanding voting rights, the consolidated financial statements of DaVinciRe are included in the consolidated financial statements of the Company. The portion of DaVinciRe’s earnings owned by third parties is recorded in the consolidated statements of operations as net income attributable to redeemable noncontrolling interests. The Company’s noncontrolling economic ownership in DaVinciRe was 22.1% at December 31, 2017 (2016 - 24.0%). DaVinciRe shareholders are party to a shareholders agreement which provides DaVinciRe shareholders, excluding RenaissanceRe, with certain redemption rights that enable each shareholder to notify DaVinciRe of such shareholder’s desire for DaVinciRe to repurchase up to half of such shareholder’s initial aggregate number of shares held, subject to certain limitations, such as limiting the aggregate of all share repurchase requests to 25% of DaVinciRe’s capital in any given year and satisfying all applicable regulatory

F-59

requirements. If total shareholder requests exceed 25% of DaVinciRe's capital, the number of shares repurchased will be reduced among the requesting shareholders pro-rata, based on the amounts desired to be repurchased. Shareholders desiring to have DaVinci repurchase their shares must notify DaVinciRe before March 1 of each year. The repurchase price will be based on GAAP book value as of the end of the year in which the shareholder notice is given, and the repurchase will be effective as of January 1 of the following year. The repurchase price is generally subject to a true-up for potential development on outstanding loss reserves after settlement of all claims relating to the applicable years.

2016

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

2017

During January 2017, DaVinciRe redeemed $75.0 million of its outstanding shares from certain existing DaVinciRe shareholders, including RenaissanceRe. In connection with the redemption, DaVinciRe retained a $7.5 million holdback. In addition, RenaissanceRe sold an aggregate of $24.0 million of its shares in DaVinciRe to an existing shareholder and a new investor. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 22.6%, effective January 1, 2017.

During July 2017, RenaissanceRe purchased $12.0 million of DaVinciRe's outstanding shares from an existing third-party shareholder. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 23.5%, effective July 1, 2017.

Effective October 1, 2017, DaVinciRe completed an equity capital raise of $248.6 million from third-party investors and RenaissanceRe. In addition, RenaissanceRe sold an aggregate of $49.7 million of its shares in DaVinciRe to third-party investors. The Company's noncontrolling economic ownership in DaVinciRe subsequent to these transactions was 22.1%, effective October 1, 2017.

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

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

	2017	2016
Balance – January 1	$994,458	$930,955
Redemption of shares from redeemable noncontrolling interest	(80,058)	(98,285)
Sale of shares to redeemable noncontrolling interest	232,119	43,040
Net (loss) income attributable to redeemable noncontrolling interest	(134,860)	118,748
Balance – December 31	$1,011,659	$994,458

Redeemable Noncontrolling Interest - Medici

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

2016

During 2016, third-party investors subscribed for $79.5 million and redeemed $21.7 million of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company's noncontrolling economic ownership in Medici was 36.5%, effective December 31, 2016.

2017

During 2017, third-party investors subscribed for $149.2 million and redeemed $48.0 million of the participating, non-voting common shares of Medici. As a result of these net subscriptions, the Company's noncontrolling economic ownership in Medici was 26.8% at December 31, 2017.

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

See "Note 23. Subsequent Events" for additional information related to Medici transactions which occurred subsequent to December 31, 2017.

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

	2017	2016
Balance – January 1	$181,136	$115,009
Redemption of shares from redeemable noncontrolling interest	(48,049)	(21,729)
Sale of shares to redeemable noncontrolling interest	149,182	79,518
Net income attributable to redeemable noncontrolling interest	2,578	8,338
Balance – December 31	$284,847	$181,136

NOTE 11. VARIABLE INTEREST ENTITIES

Upsilon RFO

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

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

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

2016

During 2016, Upsilon RFO returned $242.5 million of capital to its investors, including $59.8 million to the Company. In addition, during 2016, $166.6 million of Upsilon RFO non-voting preference shares were issued to existing investors therein, including $55.2 million to the Company. At December 31, 2016, the Company's participation in the risks assumed by Upsilon RFO was 28.8%.

2017

During 2017, Upsilon RFO returned $84.3 million of capital to its investors, including $33.0 million to the Company. In addition, during 2017, $180.6 million of Upsilon RFO non-voting preference shares were issued to existing investors therein, including $27.2 million to the Company, and an existing third-party investor purchased $7.5 million of Upsilon RFO non-voting preference shares from the Company. At December 31, 2017, the Company's participation in the risks assumed by Upsilon RFO was 20.8%.

At December 31, 2017, the Company's consolidated balance sheet included total assets and total liabilities of Upsilon RFO of $1.2 billion and $1.2 billion, respectively (2016 - $193.0 million and $193.0 million, respectively). See "Note 23. Subsequent Events" for additional information related to Upsilon RFO's non-voting preference shares subsequent to December 31, 2017.

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

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

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

The Company concluded that Mona Lisa Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. The Company evaluated its relationship with Mona Lisa Re and concluded it does not have a variable interest in Mona Lisa Re. As a result, the financial position and results of operations of Mona Lisa Re are not consolidated by the Company. The Company has not provided financial or other support to Mona Lisa Re that it was not contractually required to provide.

At December 31, 2017, the total assets and total liabilities of Mona Lisa Re were $25.9 million and $25.9 million, respectively (2016 - $184.2 million and $184.2 million, respectively).

The only transactions related to Mona Lisa Re that are recorded in the Company's consolidated financial statements are the ceded reinsurance agreements entered into by Renaissance Reinsurance and DaVinci which are accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance. Renaissance Reinsurance and DaVinci have together entered into ceded reinsurance contracts with Mona Lisa Re with gross premiums ceded of $0.4 million and $0.4 million, respectively, during 2017 (2016 - $7.4 million and $5.1 million, respectively). In addition, Renaissance Reinsurance and DaVinci recognized ceded premiums earned related to the ceded reinsurance contracts with Mona Lisa Re of $4.1 million and $2.9 million, respectively, during 2017 (2016 - $7.3 million and $5.0 million, respectively).

Fibonacci Re

Effective November 7, 2016, Fibonacci Re, a Bermuda-domiciled SPI, was formed to provide collateralized capacity to Renaissance Reinsurance and its affiliates.

Upon issuance of a series of notes by Fibonacci Re, all of the proceeds from the issuance are deposited into collateral accounts, separated by series, to fund any potential obligation under the reinsurance agreements entered into with Renaissance Reinsurance underlying such series of notes. The outstanding principal amount of each series of notes generally is expected to be returned to holders of such notes upon the expiration of the risk period underlying such notes, unless an event occurs which causes a loss under the applicable series of notes, in which case the amount returned is expected to be reduced by such noteholder's pro rata share of such loss, as specified in the applicable governing documents of such notes. In addition, holders of such notes are generally entitled to interest payments, payable quarterly, as determined by the applicable governing documents of each series of notes. RUM receives an origination and structuring fee in connection with the formation and operation of Fibonacci Re.

The Company concluded that Fibonacci Re meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. The Company evaluated its relationship with Fibonacci Re and concluded it is not the primary beneficiary of Fibonacci Re as it does not have power over the activities that most significantly impact the economic performance of Fibonacci Re. As a result, the Company does not consolidate the financial position or results of operations of Fibonacci Re.

The only transactions related to Fibonacci Re that will be recorded in the Company’s consolidated financial statements will be the ceded reinsurance agreements entered into by Renaissance Reinsurance that are accounted for as prospective reinsurance under FASB ASC Topic Financial Services - Insurance, and the fair value of the participating notes owned by the Company. Other than its investment in the participating notes of Fibonacci Re, the Company has not provided financial or other support to Fibonacci Re that it was not contractually required to provide.

The fair value of the Company’s investment in the participating notes of Fibonacci Re is included in other investments. Net of third-party investors, the fair value of the Company’s investment in Fibonacci Re was $14.1 million at December 31, 2017.

Renaissance Reinsurance entered into ceded reinsurance contracts with Fibonacci Re with premiums ceded of $9.0 million during 2017. In addition, Renaissance Reinsurance recognized ceded premiums earned related to the ceded reinsurance contracts with Fibonacci Re of $8.2 million during 2017.

Langhorne

Effective December 22, 2017, the Company and Reinsurance Group of America, Incorporated closed Langhorne, an initiative to source third party capital to support reinsurers targeting large in-force life and annuity blocks. In connection with Langhorne, as of December 31, 2017 the Company has invested $0.6 million in Langhorne Holdings, a company that owns and manages certain reinsurance entities within Langhorne. In addition, the Company has committed to investing in Langhorne Partners, the general partner for Langhorne and the entity which manages the third-party investors investing into Langhorne Holdings.

The Company concluded that Langhorne Holdings meets the definition of a VIE as the voting rights are not proportional with the obligations to absorb losses and rights to receive residual returns. The Company evaluated its relationship with Langhorne Holdings and concluded it is not the primary beneficiary of Langhorne Holdings, as it does not have power over the activities that most significantly impact the economic performance of Langhorne Holdings. As a result, the Company does not consolidate the financial position or results of operations of Langhorne Holdings. The Company separately evaluated Langhorne Partners and concluded that it was not a VIE. The Company will account for its investments in Langhorne Holdings and Langhorne Partners under the equity method of accounting, one quarter in arrears.

The Company anticipates that its investment in Langhorne will increase, perhaps materially, as in-force life and annuity blocks of businesses are written. Other than its current and committed future equity investment in Langhorne, the Company has not provided financial or other support to Langhorne that it was not contractually required to provide.

NOTE 12. SHAREHOLDERS' EQUITY

Authorized Capital

The aggregate authorized capital of RenaissanceRe is 325 million shares consisting of 225 million common shares and 100 million preference shares. The following table is a summary of changes in common shares issued and outstanding:

Year ended December 31,	2017	2016	2015
(thousands of shares)			
Issued and outstanding shares – January 1	41,187	43,701	38,442
Issuance of shares	—	—	7,435
Repurchase of shares	(1,322)	(2,741)	(2,473)
Exercise of options and issuance of restricted stock awards	159	227	297
Issued and outstanding shares – December 31	40,024	41,187	43,701

Dividends

The Board of Directors of RenaissanceRe declared a dividend of $0.32 per common share to common shareholders of record on March 15, 2017, June 15, 2017, September 15, 2017 and December 15, 2017, respectively, and RenaissanceRe paid a dividend of $0.32 per common share to common shareholders on March 31, 2017, June 30, 2017, September 29, 2017 and December 29, 2017, respectively. Dividends declared and paid on common shares amounted to $1.28 per common share for 2017 (2016 - $1.24, 2015 - $1.20), or $51.4 million on all common shares outstanding (2016 - $51.6 million, 2015 - $54.0 million).

The Board of Directors approved the payment of quarterly dividends on the Series C 6.08% Preference Shares and Series E 5.375% Preference Shares to preference shareholders of record in the amounts and on the quarterly record dates and dividend payment dates set forth in the prospectus supplement and Certificate of Designation for the applicable series of preference shares, unless and until further action is taken by the Board of Directors. The dividend payment dates for the preference shares will be the first day of March, June, September and December of each year (or if this date is not a business day, on the business day immediately following this date). The record dates for the preference share dividends are one day prior to the dividend payment dates. The amount of the dividend on the Series C 6.08% Preference Shares is an amount per share equal to 6.08% of the liquidation preference per annum (the equivalent to $1.52 per share per annum, or $0.38 per share per quarter). The amount of the dividend on the Series E 5.375% Preference Shares is an amount per share equal to 5.375% of the liquidation preference per annum (the equivalent to $1.34375 per share per annum, or $0.3359375 per share per quarter). During 2017, RenaissanceRe declared and paid $22.4 million in preference share dividends (2016 - $22.4 million, 2015 - $22.4 million).

Share Repurchases

The Company's share repurchase program may be effected from time to time, depending on market conditions and other factors, through open market purchases and privately negotiated transactions. On November 10, 2017, RenaissanceRe's Board of Directors approved a renewal of its authorized share repurchase program for an aggregate amount of up to $500.0 million. Unless terminated earlier by RenaissanceRe's Board of Directors, the program will expire when the Company has repurchased the full value of the common shares authorized. The Company's decision to repurchase common shares will depend on, among other matters, the market price of the common shares and the capital requirements of the Company. During 2017, pursuant to the Company's publicly announced share repurchase program, the Company repurchased an aggregate of 1.3 million common shares in open market transactions at an aggregate cost of $188.6 million, and an average price of $142.67 per common share. At December 31, 2017, $500.0 million remained available for repurchase under the share repurchase program.

Preference Shares

In March 2004, RenaissanceRe raised $250.0 million through the issuance of 10 million Series C Preference Shares at $25 per share and in May 2013, RenaissanceRe raised $275.0 million through the issuance of 11 million Series E Preference Shares at $25 per share. On June 27, 2013, RenaissanceRe redeemed 5 million Series C Preference Shares for $125.0 million plus accrued and unpaid dividends thereon. Following the redemption, 5 million Series C Preference Shares remain outstanding.

The Series E Preference Shares and the remaining Series C Preference Shares may be redeemed at $25 per share plus certain dividends at RenaissanceRe's option on or after June 1, 2018 and March 23, 2009, respectively. Dividends on the Series C Preference Shares are cumulative from the date of original issuance and are payable quarterly in arrears at 6.08% per annum, when, if, and as declared by the Board of Directors. Dividends on the Series E Preference Shares are payable from the date of original issuance on a non-cumulative basis, only when, as and if declared by the Board of Directors, quarterly in arrears at 5.375% per annum. Unless certain dividend payments are made on the preference shares, RenaissanceRe will be restricted from paying any dividends on its common shares. As stated above, the Board of Directors approved the payment of quarterly dividends on the Series C Preference Shares and Series E Preference Shares in the amounts and on the quarterly record dates and dividend payment dates set forth in the prospectus supplement and Certificate of Designation for the applicable series of preference shares, unless and until further action is taken by the Board of Directors.

The preference shares have no stated maturity and are not convertible into any other securities of RenaissanceRe. Generally, the preference shares have no voting rights. Whenever dividends payable on the preference shares are in arrears (whether or not such dividends have been earned or declared) in an amount equivalent to dividends for six full dividend periods (whether or not consecutive), the holders of the preference shares, voting as a single class regardless of class or series, will have the right to elect two directors to the Board of Directors of RenaissanceRe.

NOTE 13. EARNINGS PER SHARE

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

Year ended December 31,	2017	2016	2015
(thousands of shares)			
Numerator:			
Net (loss) income (attributable) available to RenaissanceRe common shareholders	$(244,770)	$480,581	$408,811
Amount allocated to participating common shareholders (1)	(457)	(5,666)	(4,721)
Net (loss) income allocated to RenaissanceRe common shareholders	$(245,227)	$474,915	$404,090
Denominator:			
Denominator for basic (loss) income per RenaissanceRe common share - weighted average common shares	39,854	41,314	43,157
Per common share equivalents of employee stock options and performance shares	—	245	369
Denominator for diluted (loss) income per RenaissanceRe common share - adjusted weighted average common shares and assumed conversions	39,854	41,559	43,526
Net (loss) income (attributable) available to RenaissanceRe common shareholders per common share – basic	$(6.15)	$11.50	$9.36
Net (loss) income (attributable) available to RenaissanceRe common shareholders per common share – diluted	$(6.15)	$11.43	$9.28

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

F-65

NOTE 14. RELATED PARTY TRANSACTIONS AND MAJOR CUSTOMERS

The Company has equity interests in the Tower Hill Companies as described in "Note 5. Investments". The Company has entered into reinsurance arrangements with certain subsidiaries and affiliates of Tower Hill and has also entered into reinsurance arrangements with respect to business produced by the Tower Hill Companies. For 2017, the Company recorded $39.1 million (2016 - $32.8 million, 2015 - $32.2 million) of gross premium written assumed from Tower Hill and its subsidiaries and affiliates. Gross premiums earned totaled $35.7 million (2016 - $32.3 million, 2015 - $35.8 million) and expenses incurred were $5.1 million (2016 - $3.8 million, 2015 - $4.1 million) for 2017. The Company had a net related outstanding receivable balance of $14.1 million as of December 31, 2017 (2016 - $14.2 million). During 2017, the Company assumed net claims and claim expenses of $94.4 million (2016 - assumed net claims and claim expenses of $1.5 million, 2015 - recovered net claims and claim expenses of $1.6 million) and, as of December 31, 2017, had a net reserve for claims and claim expenses of $65.3 million (2016 - $36.8 million). In addition, the Company received distributions of $8.3 million from the Tower Hill Companies during 2017 (2016 - $9.0 million, 2015 - $13.1 million).

During 2017, the Company received distributions from Top Layer Re of $20.0 million (2016 - $Nil, 2015 - $Nil), and recorded a management fee of $2.7 million (2016 - $2.6 million, 2015 - $2.6 million). The management fee reimburses the Company for services it provides to Top Layer Re.

During 2017, the Company received 76.4% of its gross premiums written (2016 - 80.8%, 2015 - 81.5%) from three brokers. Subsidiaries and affiliates of AON, Marsh, and Willis Towers Watson accounted for 42.8%, 23.8% and 9.8%, respectively, of gross premiums written in 2017 (2016 - 46.4%, 23.6% and 10.8%, respectively, 2015 - 48.1%, 21.7% and 11.7%, respectively).

NOTE 15. TAXATION

Under current Bermuda law, RenaissanceRe and its Bermuda subsidiaries are not subject to any income or capital gains taxes. In the event that such taxes are imposed, RenaissanceRe and its Bermuda subsidiaries would be exempted from any such tax until March 2035 pursuant to the Bermuda Exempted Undertakings Tax Protection Act 1966, and Amended Acts of 1987 and 2011, respectively.

RenaissanceRe Finance and its subsidiaries are subject to income taxes imposed by U.S. federal and state authorities and file a consolidated U.S. federal income tax return. Should the U.S. subsidiaries pay a dividend to RenaissanceRe, withholding taxes would apply to the extent of current year or accumulated earnings and profits at an expected tax rate of 5.0%. The Company also has operations in Ireland, the U.K., and Singapore which are subject to income taxes imposed by the respective jurisdictions in which they operate. Withholding taxes would not be expected to apply to dividends paid to RenaissanceRe from its subsidiaries in Ireland, the U.K., and Singapore.

The following is a summary of the Company's (loss) income before taxes allocated between domestic and foreign operations:

Year ended December 31,	2017	2016	2015
Domestic			
Bermuda	$(262,827)	$652,758	$511,114
Foreign			
U.K.	(41,656)	(24,278)	(22,712)
Singapore	(12,421)	2,180	(4,737)
U.S.	(11,897)	(1,236)	12,523
Ireland	617	964	188
(Loss) income before taxes	$(328,184)	$630,388	$496,376

Income tax (expense) benefit is comprised as follows:

Year ended December 31, 2017	Current	Deferred	Total
Total income tax (expense) benefit	$(844)	$(25,643)	$(26,487)
Year ended December 31, 2016			
Total income tax (expense) benefit	$(2,090)	$1,750	$(340)
Year ended December 31, 2015			
Total income tax (expense) benefit	$(3,471)	$49,337	$45,866

The Company's expected income tax provision computed on pre-tax income at the weighted average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. Statutory tax rates of 0.0%, 35.0%, 12.5%, 19.3% and 17.0% have been used for Bermuda, the U.S., Ireland, the U.K. and Singapore, respectively.

The Company's effective income tax rate, which it calculates as income tax expense divided by net income before taxes, may fluctuate significantly from period to period depending on the geographic distribution of pre-tax net income (loss) in any given period between different jurisdictions with comparatively higher tax rates and those with comparatively lower tax rates. The geographic distribution of pre-tax net income (loss) can vary significantly between periods due to, but not limited to, the following factors: the business mix of net premiums written and earned; the geographic location, the size and the nature of net claims and claim expenses incurred; the amount and geographic location of operating expenses, net investment income, net realized and unrealized gains (losses) on investments; outstanding debt and related interest expense; and the amount of specific adjustments to determine the income tax basis in each of the Company's operating jurisdictions. In addition, a significant portion of the Company's gross and net premiums are currently written and earned in Bermuda, which does not have a corporate income tax, including the majority of the Company's catastrophe business, which can result in significant volatility to its pre-tax net income (loss) in any given period.

A reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate is as follows:

Year ended December 31,	2017	2016	2015
Expected income tax benefit	$14,216	$4,856	$1,011
Tax exempt income	3,794	4,487	4,939
Non-taxable foreign exchange gains (losses)	2,574	(1,126)	(1,897)
Transaction costs	—	(131)	3,654
Withholding tax	(216)	(2,578)	(3,036)
Change in valuation allowance	(11,718)	(924)	43,808
Effect of change in tax rate	(38,083)	—	—
Other	2,946	(4,924)	(2,613)
Income tax (expense) benefit	$(26,487)	$(340)	$45,866

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

At December 31,	2017	2016
Deferred tax assets		
Tax loss and credit carryforwards	$62,643	$51,620
Reserve for claims and claim expenses	13,992	26,265
Deferred interest expense	11,320	18,408
Unearned premiums	9,436	7,496
Deferred underwriting results	3,407	—
Investments	—	3,269
Accrued expenses	2,641	9,386
	103,439	116,444
Deferred tax liabilities		
Deferred acquisition expenses	(12,343)	(7,485)
Amortization and depreciation	(3,340)	(7,097)
Investments	(1,047)	—
Deferred underwriting results	—	(2,964)
	(16,730)	(17,546)
Net deferred tax asset before valuation allowance	86,709	98,898
Valuation allowance	(30,016)	(18,776)
Net deferred tax asset	$56,693	$80,122

As a result of the reduction in the U.S. corporate tax rate from 35% to 21% effective January 1, 2018 pursuant to the Tax Cuts and Jobs Act of 2017, the Company recorded a $36.7 million write-down of its U.S. deferred tax asset in 2017. The Company's net deferred tax asset is included in other assets on its consolidated balance sheets.

During 2017, the Company recorded a net increase to the valuation allowance of $11.2 million (2016 – increase of $0.9 million, 2015 – decrease of $43.8 million). The Company's net deferred tax asset primarily relates to net operating loss carryforwards and GAAP versus tax basis accounting differences relating to reserves for claims and claim expenses, deferred interest expense, accrued expenses, unearned premiums, deferred underwriting results, deferred acquisition expenses, amortization and depreciation and investments. The Company's valuation allowance assessment is based on all available information including projections of future GAAP taxable income from each tax-paying component in each tax jurisdiction. Losses incurred within the U.S. tax-paying subsidiaries in the fourth quarter of 2011 were significant enough to result in a cumulative GAAP taxable loss at the U.S. tax-paying subsidiaries for the three year period ended December 31, 2011. The Company concluded that a valuation allowance was required from 2011 through the period ended December 31, 2014 based on the relevant evidence during that time period, primarily that the Company remained in a cumulative GAAP taxable loss position for this period, among other facts. As of December 31, 2014, the U.S. valuation allowance was $48.5 million. In the first quarter of 2015, as a result of expected profits in the U.S. based operations due principally to the Platinum acquisition, the Company determined it was more likely than not it would be able to recover a substantial portion of the U.S. net deferred tax asset and thus reduced the U.S. valuation allowance from $48.5 million to $1.0 million. Factors that led to this determination included the combined cumulative GAAP taxable income position of the Company's U.S.-based operations (including the entities acquired) along with the future expected profits of the combined operations.

A valuation allowance has been provided against deferred tax assets in Ireland, the U.K., and Singapore. These deferred tax assets relate primarily to net operating loss carryforwards. In 2017, the valuation allowance with respect to the Company's U.K. operations increased by $12.1 million.

In the U.S., the Company has net operating loss carryforwards of $162.4 million. Under applicable law, the U.S. net operating loss carryforwards will begin to expire in 2031. The Company has net operating loss carryforwards of $124.8 million in the U.K., $19.5 million in Singapore and $4.7 million in Ireland. Under

F-68

applicable law, the U.K., Singapore and Irish net operating losses can be carried forward for an indefinite period.
The Company had a net payment for U.S. federal, Irish, U.K. and Singapore income taxes of $0.3 million for the year ended 2017 (2016 – net refund of $1.1 million, 2015 – net payment of $10.3 million).
The Company has unrecognized tax benefits of $Nil as of December 31, 2017 (2016 – $Nil). Interest and penalties related to unrecognized tax benefits would be recognized in income tax expense. At December 31, 2017, interest and penalties accrued on unrecognized tax benefits were $Nil (2016 – $Nil). Income tax returns filed for tax years 2014 through 2016, 2013 through 2016, 2016, and 2013 through 2016, are open for examination by the IRS, Irish tax authorities, U.K. tax authorities, and Singapore tax authorities, respectively. The Company does not expect the resolution of these open years to have a significant impact on its results from operations and financial condition.
NOTE 16. SEGMENT REPORTING
The Company’s reportable segments are defined as follows: (1) Property, which is comprised of catastrophe and other property reinsurance and insurance written on behalf of the Company’s operating subsidiaries and certain joint ventures managed by the Company’s ventures unit, and (2) Casualty and Specialty, which is comprised of casualty and specialty reinsurance and insurance written on behalf of the Company’s operating subsidiaries and certain joint ventures managed by the Company’s ventures unit. In addition to its reportable segments, the Company has an Other category, which primarily includes its strategic investments, investments unit, corporate expenses, capital servicing costs, noncontrolling interests, certain expenses related to the acquisition of Platinum, and the remnants of its former Bermuda-based insurance operations.
The Company’s Property segment is managed by the Chief Underwriting Officer - Property and the Casualty and Specialty segment is managed by the Chief Underwriting Officer - Casualty and Specialty. Each of the Chief Underwriting Officer - Property and Chief Underwriting Officer - Casualty and Specialty operate under the direction of the Company’s Group Chief Underwriting Officer, who in turn reports to the Company’s President and Chief Executive Officer.
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 by segment is as follows:

Year ended December 31, 2017	Property	Casualty and Specialty	Other	Total
Gross premiums written	$1,440,437	$1,357,110	$(7)	$2,797,540
Net premiums written	$978,014	$893,307	$4	$1,871,325
Net premiums earned	$931,070	$786,501	$4	$1,717,575
Net claims and claim expenses incurred	1,297,985	565,026	(1,583)	1,861,428
Acquisition expenses	113,816	233,077	(1)	346,892
Operational expenses	94,194	66,548	36	160,778
Underwriting (loss) income	$(574,925)	$(78,150)	$1,552	(651,523)
Net investment income			222,209	222,209
Net foreign exchange gains			10,628	10,628
Equity in losses of other ventures			8,030	8,030
Other income			9,415	9,415
Net realized and unrealized gains on investments			135,822	135,822
Corporate expenses			(18,572)	(18,572)
Interest expense			(44,193)	(44,193)
Loss before taxes and redeemable noncontrolling interests				(328,184)
Income tax benefit			(26,487)	(26,487)
Net loss attributable to redeemable noncontrolling interests			132,282	132,282
Dividends on preference shares			(22,381)	(22,381)
Net loss attributable to RenaissanceRe common shareholders				$(244,770)
Net claims and claim expenses incurred – current accident year	$1,343,581	$558,843	$—	$1,902,424
Net claims and claim expenses incurred – prior accident years	(45,596)	6,183	(1,583)	(40,996)
Net claims and claim expenses incurred – total	$1,297,985	$565,026	$(1,583)	$1,861,428
Net claims and claim expense ratio – current accident year	144.3%	71.1%		110.8%
Net claims and claim expense ratio – prior accident years	(4.9)%	0.7%		(2.4)%
Net claims and claim expense ratio – calendar year	139.4%	71.8%		108.4%
Underwriting expense ratio	22.3%	38.1%		29.5%
Combined ratio	161.7%	109.9%		137.9%

F-70

Year ended December 31, 2016	Property	Casualty and Specialty	Other	Total
Gross premiums written	$1,111,263	$1,263,313	$—	$2,374,576
Net premiums written	$725,321	$809,848	$143	$1,535,312
Net premiums earned	$720,951	$682,337	$142	$1,403,430
Net claims and claim expenses incurred	151,545	380,396	(1,110)	530,831
Acquisition expenses	97,594	191,729	—	289,323
Operational expenses	108,642	88,984	123	197,749
Underwriting income	$363,170	$21,228	$1,129	385,527
Net investment income			181,726	181,726
Net foreign exchange losses			(13,788)	(13,788)
Equity in earnings of other ventures			963	963
Other income			14,178	14,178
Net realized and unrealized gains on investments			141,328	141,328
Corporate expenses			(37,402)	(37,402)
Interest expense			(42,144)	(42,144)
Income before taxes and noncontrolling interests				630,388
Income tax expense			(340)	(340)
Net income attributable to noncontrolling interests			(127,086)	(127,086)
Dividends on preference shares			(22,381)	(22,381)
Net income available to RenaissanceRe common shareholders				$480,581
Net claims and claim expenses incurred – current accident year	$256,421	$438,536	$—	$694,957
Net claims and claim expenses incurred – prior accident years	(104,876)	(58,140)	(1,110)	(164,126)
Net claims and claim expenses incurred – total	$151,545	$380,396	$(1,110)	$530,831
Net claims and claim expense ratio – current accident year	35.6 %	64.3 %		49.5 %
Net claims and claim expense ratio – prior accident years	(14.6)%	(8.6)%		(11.7)%
Net claims and claim expense ratio – calendar year	21.0 %	55.7 %		37.8 %
Underwriting expense ratio	28.6 %	41.2 %		34.7 %
Combined ratio	49.6 %	96.9 %		72.5 %

Year ended December 31, 2015	Property	Casualty and Specialty	Other	Total
Gross premiums written	$1,072,159	$939,241	$ (90)	$2,011,310
Net premiums written	$726,145	$690,086	$ (48)	$1,416,183
Net premiums earned	$805,985	$594,614	$ (48)	$1,400,551
Net claims and claim expenses incurred	128,290	320,818	(870)	448,238
Acquisition expenses	94,249	144,095	248	238,592
Operational expenses	118,666	100,180	266	219,112
Underwriting income	$464,780	$29,521	$ 308	494,609
Net investment income			152,567	152,567
Net foreign exchange losses			(3,051)	(3,051)
Equity in earnings of other ventures			20,481	20,481
Other income			13,472	13,472
Net realized and unrealized losses on investments			(68,918)	(68,918)
Corporate expenses			(76,514)	(76,514)
Interest expense			(36,270)	(36,270)
Income before taxes and redeemable noncontrolling interests				496,376
Income tax benefit			45,866	45,866
Net income attributable to redeemable noncontrolling interests			(111,050)	(111,050)
Dividends on preference shares			(22,381)	(22,381)
Net income available to RenaissanceRe common shareholders				$408,811
Net claims and claim expenses incurred – current accident year	$222,076	$388,609	$ —	$610,685
Net claims and claim expenses incurred – prior accident years	(93,786)	(67,791)	(870)	(162,447)
Net claims and claim expenses incurred – total	$128,290	$320,818	$ (870)	$448,238
Net claims and claim expense ratio – current accident year	27.6 %	65.4 %		43.6 %
Net claims and claim expense ratio – prior accident years	(11.7)%	(11.4)%		(11.6)%
Net claims and claim expense ratio – calendar year	15.9 %	54.0 %		32.0 %
Underwriting expense ratio	26.4 %	41.0 %		32.7 %
Combined ratio	42.3 %	95.0 %		64.7 %

The following is a summary of the Company’s gross premiums written allocated to the territory of coverage exposure:

Year ended December 31,	2017	2016	2015
Property			
U.S. and Caribbean	$954,269	$743,226	$671,887
Worldwide	305,915	210,168	234,801
Japan	49,821	44,536	32,830
Europe	49,486	37,611	32,973
Worldwide (excluding U.S.) (1)	48,182	55,043	76,370
Australia and New Zealand	14,151	13,729	15,869
Other	18,613	6,950	7,429
Total Property	1,440,437	1,111,263	1,072,159
Casualty and Specialty			
Worldwide	686,253	581,972	320,452
U.S. and Caribbean	622,757	646,381	522,778
Europe	9,752	5,541	936
Worldwide (excluding U.S.) (1)	10,104	13,840	87,597
Australia and New Zealand	4,141	5,073	1,627
Other	24,103	10,506	5,851
Total Casualty and Specialty	1,357,110	1,263,313	939,241
Other category	(7)	—	(90)
Total gross premiums written	$2,797,540	$2,374,576	$2,011,310

(1) The category “Worldwide (excluding U.S.)” consists of contracts that cover more than one geographic region (other than the U.S.).

NOTE 17. STOCK INCENTIVE COMPENSATION AND EMPLOYEE BENEFIT PLANS

Stock Incentive Compensation Plans and Awards

The Company is authorized to issue restricted stock awards, restricted stock units, performance shares, stock options and other equity-based awards to its employees and directors pursuant to various stock incentive compensation plans. On May 16, 2016, the Company’s shareholders approved the Company’s 2016 Long-Term Incentive Plan (the “2016 Long-Term Incentive Plan”). Pursuant to the 2016 Long-Term Incentive Plan, the Company is authorized to issue up to 1,625,000 common shares plus the number of shares that were subject to awards outstanding under the Company’s 2001 Stock Incentive Plan, as amended (the “2001 Stock Incentive Plan”) and the Company’s 2010 Performance-Based Equity Incentive Plan, as amended (the “2010 Performance Plan”) as of the effective date of the 2016 Long-Term Incentive Plan that are forfeited, canceled, settled in cash, or otherwise terminated without delivery after the effective date. The 2016 Long-Term Incentive Plan permits the grant of restricted stock, restricted stock units, performance awards (including cash-based performance awards), stock options and other share-based awards to employees, officers, non-employee directors and consultants or advisors of the Company and its affiliates.

The 2001 Stock Incentive Plan, which permitted the grant of stock options, restricted stock awards and other share-based awards to employees of RenaissanceRe and its subsidiaries, expired in accordance with its terms on February 6, 2016 and no additional awards may be made under this plan. The 2010 Performance Plan, pursuant to which the Company granted performance shares, was terminated on May 16, 2016 upon approval of the 2016 Long-Term Incentive Plan, and no additional awards will be made under this plan. The terms and conditions of outstanding awards granted under the 2001 Share Incentive Plan and the 2010 Performance Plan were not affected by the respective expiration and termination of these plans.

In 2010, the Company instituted a cash settled restricted stock unit ("CSRSU") plan, the 2010 Restricted Stock Unit Plan, which allowed for the issuance of equity awards in the form of CSRSUs. In November 2016, the 2010 Restricted Stock Plan was terminated and replaced with a new cash settled restricted stock unit plan, the 2016 Restricted Stock Unit Plan. The terms and conditions of CSRSU awards outstanding under the 2010 Restricted Stock Unit Plan at the time of termination were not affected, but no additional awards will be made under the 2010 Restricted Stock Unit Plan.

Options

The Company has not granted stock options since 2008. Outstanding stock options were granted pursuant to the 2001 Stock Incentive Plan and allow for the purchase of RenaissanceRe common shares at a price that is equal to, or not less than, the fair market value of RenaissanceRe common shares as of the effective grant date. Options generally vested over four years and expire 10 years from the grant date.

Restricted Stock Awards

Restricted stock awards granted periodically under the 2001 Stock Incentive Plan and the 2016 Long-Term Incentive Plan generally vest ratably over a four year period. The Company has also granted restricted stock awards to non-employee directors, which generally vest ratably over a three year period.

Performance Shares

Performance share awards made periodically to certain of the Company's executive officers pursuant to the 2010 Performance Plan, 2001 Share Incentive Plan and 2016 Long-Term Incentive Plan are subject to vesting conditions based on both continued service and the attainment of pre-established performance goals. If performance goals are achieved, the performance shares will vest up to a maximum of 250% of target. Grants under this plan generally cliff vest at the end of a three year vesting period based on the attainment of annual performance goals over the vesting period. The performance shares have a market condition, which is the Company's total shareholder return relative to its peer group. Total shareholder return is calculated in accordance with the terms of the applicable award agreement and is generally based on the average closing share price over the 20 trading days preceding and including the start and end of the annual performance period.

In 2012 and 2013, the Chief Executive Officer received certain special equity awards relating to promotions, which included grants of performance shares which vest over a period of four years, but otherwise have similar terms to other performance share awards.

Cash Settled Restricted Stock Units

CSRSUs are liability awards with fair value measurement based on the fair market value of the Company's common shares at the end of each reporting period. CSRSUs granted periodically by the Board of Directors pursuant to the 2010 Restricted Stock Unit Plan and 2016 Restricted Stock Unit Plan generally vest ratably over four years.

Valuation Assumptions

Performance Shares

The fair value of performance shares is measured on the grant date using a Monte Carlo simulation model which requires certain of the same inputs underlying the Black-Scholes methodology, that being: share price; expected volatility; expected term; expected dividend yield; and risk-free interest rates. The following are the weighted average-assumptions used to estimate the fair value for all performance shares issued in each respective year.

	Performance Shares	
Year ended December 31,	2017	2016
Expected volatility (1)	14.3%	14.3% - 14.7%
Expected term (in years)	n/a	n/a
Expected dividend yield	n/a	n/a
Risk-free interest rate (1)	0.93% - 1.69%	0.38% - 1.18%

(1) The expected volatility and risk-free interest rate applied are specific to each tranche of performance shares.

Expected volatility: The expected volatility is estimated by the Company based on RenaissanceRe’s historical stock volatility.

Expected term: The expected term is not applicable as the length of the performance periods are fixed and not subject to future employee behavior. Each tranche of the performance shares has a one year period during which performance is measured.

Expected dividend yield: The expected dividend yield is not applicable to performance shares as dividends are paid at the end of the vesting period and do not affect the value of the performance shares.

Risk-free interest rate: The risk free rate is estimated based on the yield on a U.S. treasury zero-coupon issued with a remaining term equal to the vesting period of the performance shares.

The total cost of the performance shares is determined on the grant date based on the fair value calculated by the Monte Carlo simulation model. The Company recognizes cost equal to fair value per performance share multiplied by the target number of performance shares on the grant date. The cost is then amortized as an expense over the requisite service period. For 2017, the Company elected to recognize forfeitures as they occurred rather than estimating service-based forfeitures over the requisite service period. In 2016, the Company used a 0% forfeiture rate for performance shares.

Restricted Stock Awards

The fair value of restricted stock awards is determined based on the fair market value of RenaissanceRe’s common shares on the grant date. The estimated fair value of restricted stock awards is amortized as an expense over the requisite service period. For 2017, the Company elected to recognize forfeitures as they occurred rather than estimating service-based forfeitures over the requisite service period. In 2016, the Company used a 0% forfeiture rate for restricted stock awards.

Cash Settled Restricted Stock Units

CSRSUs are revalued at the end of each quarterly reporting period based on the then fair market value of RenaissanceRe’s common shares. The total cost is adjusted each quarter for unvested CSRSUs to reflect the current share price, and this total cost is amortized as an expense over the requisite service period. For 2017, the Company elected to recognize forfeitures as they occured rather than estimating service-based forfeitures over the requisite service period. In 2016, the Company used a 13% forfeiture rate for CSRSUs.

Summary of Stock Compensation Activity
The following is a summary of activity under the Company's stock compensation plans.
Options

	Weighted options outstanding	Weighted average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value	Range of exercise prices
Balance, December 31, 2014	767,830	$ 48.71	2.0	$ 37,246	$37.51 - $59.66
Options granted	—	—			—
Options forfeited	—	—			
Options expired	—	—			
Options exercised	(359,618)	45.09		$ 21,205	
Balance, December 31, 2015	408,212	$ 51.90	1.6	$ 25,020	$42.66 - $59.66
Options granted	—	—			—
Options forfeited	—	—			
Options expired	—	—			
Options exercised	(201,417)	50.59		$ 14,806	
Balance, December 31, 2016	206,795	$ 53.17	0.9	$ 17,174	$50.71 - $59.66
Options granted	—	—			—
Options forfeited	—	—			
Options expired	—	—			
Options exercised	(174,794)	$ 53.04		$ 15,945	
Balance, December 31, 2017	32,001	$ 53.86	0.2	$ 2,295	$ 53.86
Total options exercisable at December 31, 2017	32,001	$ 53.86	0.2	$ 2,295	$ 53.86

Cash Settled Restricted Stock Units

	Number of shares
Nonvested at December 31, 2014	338,323
Awards granted	160,817
Awards vested	(144,440)
Awards forfeited	(28,622)
Nonvested at December 31, 2015	326,078
Awards granted	135,119
Awards vested	(133,278)
Awards forfeited	(19,575)
Nonvested at December 31, 2016	308,344
Awards granted	98,067
Awards vested	(122,088)
Awards forfeited	(21,993)
Nonvested at December 31, 2017	262,330

Performance Shares

	Number of shares (1)	Weighted average grant-date fair value
Nonvested at December 31, 2014	248,572	$ 39.62
Awards granted	103,024	$ 44.98
Awards vested	—	
Awards forfeited	(121,325)	
Nonvested at December 31, 2015	230,271	$ 41.40
Awards granted	77,045	$ 48.31
Awards vested	(58,032)	$ 38.30
Awards forfeited	(37,903)	
Nonvested at December 31, 2016	211,381	$ 44.63
Awards granted	64,947	$ 65.27
Awards vested	(62,499)	$ 43.51
Awards forfeited	(46,156)	
Nonvested at December 31, 2017	167,673	$ 53.11

(1) For performance shares, the number of shares is stated at the maximum number that can be attained if the performance conditions are fully met. Forfeitures represent shares forfeited due to vesting below the maximum attainable as a result of the Company not fully meeting the performance conditions.

Restricted Stock Awards

	Employee restricted stock awards		Non-employee director restricted stock awards		Total restricted stock awards	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
Nonvested at December 31, 2014	451,722	$ 87.29	30,055	$ 88.41	481,777	$ 87.36
Awards granted	195,337	102.17	14,575	102.90	209,912	102.22
Awards vested	(168,019)	82.75	(17,744)	86.37	(185,763)	83.10
Awards forfeited	—	—	—	—	—	—
Nonvested at December 31, 2015	479,040	$ 94.95	26,886	$ 97.61	505,926	$ 95.09
Awards granted	179,003	112.41	14,727	114.71	193,730	112.59
Awards vested	(255,873)	93.98	(16,068)	96.83	(271,941)	94.15
Awards forfeited	—	—	—	—	—	—
Nonvested at December 31, 2016	402,170	$ 103.34	25,545	$ 107.95	427,715	$ 103.61
Awards granted	116,345	148.66	12,193	150.05	128,538	148.79
Awards vested	(185,478)	100.17	(17,612)	110.66	(203,090)	101.08
Awards forfeited	—	—	—	—	—	—
Nonvested at December 31, 2017	333,037	$ 120.93	20,126	$ 131.09	353,163	$ 121.51

There were 1.8 million shares available for issuance under the 2016 Long-Term Incentive Plan at December 31, 2017 and no shares available for issuance under the 2001 Stock Incentive Plan or 2010 Performance Share Plan at December 31, 2017.

The aggregate fair value of restricted stock awards, performance shares and CSRSUs vested during 2017 was $56.9 million (2016 – $54.5 million, 2015 – $34.0 million). Cash in the amount of $Nil was received from employees as a result of employee stock option exercises during 2017 (2016 – $Nil, 2015 – $0.1 million). In connection with share vestings and option exercises, there was no excess windfall tax benefit realized by the Company due to its net operating loss position in the taxable jurisdictions in which it operates. RenaissanceRe issues new shares upon the exercise of an option.

The total stock compensation expense recognized in the Company’s consolidated statements of operations during 2017 was $37.2 million (2016 – $47.4 million, 2015 – $38.3 million). As of December 31, 2017, there was $29.1 million of total unrecognized compensation cost related to restricted stock awards, $21.9 million related to CSRSUs and $4.1 million related to performance shares, which will be recognized, on a weighted average basis, during the next 1.7, 1.6 and 1.7 years, respectively.

All of the Company’s employees are eligible for defined contribution pension plans. Contributions are primarily based upon a percentage of eligible compensation. The Company contributed $4.4 million to its defined contribution pension plans in 2017 (2016 – $4.0 million, 2015 – $4.3 million).

NOTE 18. STATUTORY REQUIREMENTS

The Company’s (re)insurance operations are subject to insurance laws and regulations in the jurisdictions in which they operate, the most significant of which currently include Bermuda, the U.S. and the U.K. These regulations include certain restrictions on the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the respective regulatory authorities.

Group Supervision

The Bermuda Monetary Authority (“BMA”) is the group supervisor of the Company. Under the Insurance Act 1978, amendments thereto and related regulations of Bermuda (collectively, the “Insurance Act”), the Company shall ensure that it can meet its minimum solvency margin (“MSM”), defined as the minimum amount by which the value of the assets of the Company must exceed the value of its liabilities, the breach of which represents an unacceptable level of risk and triggers the strongest supervisory actions.

In addition, the Company is required to maintain capital at a level equal to its enhanced capital requirement (“ECR”) which is established by reference to the Bermuda Solvency Capital Requirement (the “BSCR”) model. The BSCR is a mathematical model designed to give the BMA robust methods for determining an insurer’s capital adequacy. The ECR is equal to the greater of the MSM or required capital calculated by reference to the BSCR. Effective January 1, 2016, the BMA embedded the Economic Balance Sheet (“EBS”) framework in the Bermuda legislative and regulatory regime. The EBS is an input to the BSCR which determines the Company’s ECR. The EBS regime prescribes the use of financial statements prepared in accordance with GAAP as the basis on which statutory financial statements are prepared, and those statutory financial statements form the starting basis for the EBS.

The BMA has established a target level capital (“TCL”) which is set at 120% of the ECR. While the Company is not required to maintain statutory capital and surplus at this level, it serves as an early warning tool for the BMA, and failure to meet the TCL may result in additional reporting requirements or increased regulatory oversight. The Company is currently completing its 2017 group BSCR, which must be filed with the BMA on or before May 31, 2018, and at this time, the Company believes it will exceed the target level of required economic statutory capital.

The statutory capital and surplus, required minimum statutory capital and surplus and unrestricted net assets of the Company’s regulated insurance operations in its most significant regulatory jurisdictions are detailed below:

	Bermuda (1)		U.S.		U.K. (2) (3)	
At December 31,	2017	2016	2017	2016	2017	2016
Statutory capital and surplus	$4,155,440	$4,212,374	$523,384	$523,340	$527,325	$491,213
Required statutory capital and surplus	824,545	788,437	306,375	221,023	527,325	491,213
Unrestricted net assets	790,177	867,624	24,109	25,375	—	—

(1) The Company's Bermuda-domiciled insurance subsidiaries’ capital and surplus is based on the relevant insurer’s statutory financial statements and required statutory capital and surplus is based on the MSM.

(2) With respect to statutory capital and surplus and required statutory capital and surplus, and as described below, underwriting capacity of a member of Lloyd’s must be supported by providing a deposit in the form of cash, securities or letters of credit, which are referred to as Funds at Lloyd’s (“FAL”). FAL is determined by Lloyd’s and is based on Syndicate 1458’s solvency and capital requirements as calculated through its internal model.

(3) Syndicate 1458 is capitalized by its FAL, with the related assets not held on its balance sheet. As such, unrestricted net assets is not applicable to Syndicate 1458; however, the Company can make an application to obtain approval from Lloyd’s to have funds released to RenaissanceRe from Syndicate 1458, subject to passing a Lloyd’s release test.

Statutory net (loss) income of the Company's regulated insurance operations in its most significant regulatory jurisdictions are detailed below:

	Statutory Net (Loss) Income		
	Bermuda	U.S.	U.K.
Year ended December 31, 2017	$(334,142)	$(3,627)	$(57,050)
Year ended December 31, 2016	625,371	43,292	28,007
Year ended December 31, 2015	355,132	58,752	1,627

The difference between statutory financial statements and statements prepared in accordance with GAAP varies by jurisdiction; however, the primary difference is that for the Company's regulated entities the statutory financial statements do not reflect goodwill and intangible assets. Also, in the U.S., fixed maturity investments are generally recorded at amortized cost and deferred income tax is charged directly to equity. In the U.S. and the U.K., deferred acquisition costs are generally not reflected in the statutory financial statements. None of the Company's insurance subsidiaries used permitted practices that prevented the trigger of a regulatory event during the years ended December 31, 2017, 2016 and 2015.

Dividend Restrictions of RenaissanceRe

As a Bermuda-domiciled holding company, RenaissanceRe has limited operations of its own and its assets consist primarily of investments in subsidiaries, and to a degree, cash and securities. Accordingly, RenaissanceRe's future cash flows largely depend on the availability of dividends or other statutorily permissible payments from subsidiaries. The ability to pay such dividends is limited by the applicable laws and regulations of the various countries and states in which these subsidiaries operate, including, among others, Bermuda, the U.S., the U.K. and Ireland. RenaissanceRe's ability to pay dividends and distribute capital to shareholders is limited by the Bermuda Companies Act 1981, insofar as after the payment, RenaissanceRe must still be able to pay its liabilities as they come due and the realizable value of its assets must be greater than its liabilities.

Bermuda-Domiciled Insurance Entities

Under the Insurance Act, certain subsidiaries of RenaissanceRe are required to prepare and file statutory financial statements. Effective January 1, 2016, the BMA prescribed the use of financial statements prepared in accordance with GAAP as the basis on which the statutory financial statements are prepared, subject to the application of certain prudential filters. These statutory financial statements are used to prepare the EBS. In addition, Bermuda insurance subsidiaries of RenaissanceRe are required to maintain certain measures of solvency and liquidity and file a BSCR return.

Class 3B and Class 4 Insurers

Under the Insurance Act, RenaissanceRe Specialty U.S. is defined as a Class 3B insurer, and Renaissance Reinsurance and DaVinci are classified as Class 4 insurers, and therefore must maintain statutory economic capital at a level equal to its ECR which is the greater of its MSM and the required capital calculated by reference to the BSCR.

Class 3B and Class 4 insurers are prohibited from declaring or paying any dividends if in breach of the required minimum solvency margin or minimum liquidity ratio (the "Relevant Margins") or if the declaration or payment of such dividend would cause the insurer to fail to meet the Relevant Margins. Where an insurer fails to meet its Relevant Margins on the last day of any financial year, it is prohibited from declaring or paying any dividends during the next financial year without the prior approval of the BMA. Further, Class 3B and Class 4 insurers are prohibited from declaring or paying in any financial year dividends of more than 25% of its total statutory capital and surplus (as shown on its previous financial year's statutory balance sheet) unless it files (at least seven days before payment of such dividends) with the BMA an affidavit stating that it will continue to meet its Relevant Margins. Class 3B and Class 4 insurers must obtain the BMA's prior approval for a reduction by 15% or more of the total statutory capital as set forth in its previous year's financial statements. These restrictions on declaring or paying dividends and distributions under the Insurance Act are in addition to the solvency requirements under the Bermuda Companies Act 1981 which

apply to all Bermuda companies. In addition, an insurer engaged in general business is also required to maintain the value of its relevant assets at not less than 75% of the amount of its relevant liabilities.
The Company is currently completing its 2017 Bermuda-domiciled statutory filings for Renaissance Reinsurance, DaVinci and RenaissanceRe Specialty U.S., which must be filed with the BMA on or before April 30, 2018, and at this time, the Company believes each of Renaissance Reinsurance, DaVinci and RenaissanceRe Specialty U.S. will exceed the target level of required statutory economic capital.
Effective October 1, 2016, each of RenaissanceRe Specialty Risks and Platinum Bermuda merged into Renaissance Reinsurance, with Renaissance Reinsurance being the sole surviving entity. As part of the merger, Renaissance Reinsurance received approval from the BMA to reduce its statutory capital by $500.0 million through a return of capital. The return of capital was completed prior to December 31, 2016.
SPIs
Under the Insurance Act, Upsilon RFO is considered an SPI. See “Note 11. Variable Interest Entities” for additional information related to Upsilon RFO. Unlike other (re)insurers, such as the Class 3B and Class 4 insurers discussed above, SPIs are fully funded to meet their (re)insurance obligations and are not exposed to insolvency, therefore the application and supervision processes are streamlined to facilitate the transparent structure. Further, the BMA has the discretion to modify such insurer’s reporting requirements under the Insurance Act. Like other (re)insurers, the principal representative of an SPI has a duty to inform the BMA in relation to solvency matters, where applicable. Upsilon RFO applied for and received a direction from the BMA, which, subject to specified conditions, modified its filing requirements in respect of statutory financial statements for the year ended December 31, 2017 and 2016.
U.S.-Domiciled Insurance Entities
The Company has a U.S.-domiciled insurance subsidiary, Renaissance Reinsurance U.S., which was acquired on March 2, 2015 and is subject to statutory accounting principles as defined by the National Association of Insurance Commissioners (the “NAIC”). The NAIC uses a risk-based capital ("RBC") model to monitor and regulate the solvency of licensed life, health, and property and casualty insurance and reinsurance companies. Renaissance Reinsurance U.S. is domiciled in Maryland, which has adopted the NAIC's model law.
Laws and regulations in the U.S. establish minimum capital adequacy levels and grant regulators the authority to take specific actions based on the level of impairment. For Renaissance Reinsurance U.S., this amount is the Company Action Level (“CAL”) based on the RBC model of the NAIC and represents the first level at which regulatory action is triggered.
Under Maryland insurance law, Renaissance Reinsurance U.S. must notify the Maryland Insurance Commissioner (the "Commissioner") within five business days after the declaration of any dividend or distribution, other than an extraordinary dividend or extraordinary distribution, and notify the Commissioner at least ten days prior to the payment or distribution thereof. The Commissioner has the right to prevent payment of such a dividend or such a distribution if the Commissioner determines, in the Commissioner's discretion, that after the payment thereof, the policyholders' surplus of Renaissance Reinsurance U.S. would be inadequate or could cause Renaissance Reinsurance U.S. to be in a hazardous financial condition. Renaissance Reinsurance U.S. must give at least 30 days prior notice to the Commissioner before paying an extraordinary dividend or making an extraordinary distribution. Extraordinary dividends and extraordinary distributions are dividends or distributions which, together with any other dividends and distributions paid during the immediately preceding twelve-month period, would exceed the lesser of:

- 10% of the insurer's statutory policyholders' surplus (as determined under statutory accounting principles) as of December 31 of the prior year; or
- the insurer's net investment income excluding realized capital gains (as determined under statutory accounting principles) for the twelve-month period ending on December 31 of the prior year and pro rata distributions of any class of the insurer's securities, plus any amounts of net investment income (subject to the foregoing exclusions) in the three calendar years prior to the preceding year which have not been distributed.

At December 31, 2017, Renaissance Reinsurance U.S. had an ordinary dividend capacity of $24.1 million which can be paid in 2018.

State insurance laws and regulations require Renaissance Reinsurance U.S. to file statutory basis financial statements with insurance regulators in each state where it is licensed, authorized or accredited to do business. The operations of Renaissance Reinsurance U.S. are subject to examination by those state insurance regulators at any time. The Company is currently completing the 2017 statutory basis financial statements for Renaissance Reinsurance U.S., which must be filed with the NAIC, on or before March 1, 2018. At this time, the Company believes Renaissance Reinsurance U.S. will exceed the CAL.

U.K.-Domiciled Syndicate 1458

RenaissanceRe CCL and Syndicate 1458 are subject to oversight by the Council of Lloyd's. RSML is authorized by the U.K.'s Prudential Regulation Authority and regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000. Underwriting capacity of a member of Lloyd's must be supported by providing a deposit in the form of cash, securities or letters of credit, which are referred to as FAL. This amount is determined by Lloyd's and is based on Syndicate 1458's solvency and capital requirement as calculated through its internal model. In addition, if the FAL are not sufficient to cover all losses, the Lloyd's Central Fund provides an additional discretionary level of security for policyholders.

Multi-Beneficiary Reinsurance Trusts

Each of Renaissance Reinsurance and DaVinci was approved as a Trusteed Reinsurer in the state of New York and established a multi-beneficiary reinsurance trust ("MBRT") to collateralize its (re)insurance liabilities associated with U.S. domiciled cedants. The MBRTs are subject to the rules and regulations of the state of New York and the respective deed of trust, including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Assets held under trust at December 31, 2017 with respect to the MBRTs totaled $1.2 billion and $377.0 million for Renaissance Reinsurance and DaVinci, respectively (2016 – $673.2 million and $136.7 million, respectively), compared to the minimum amount required under U.S. state regulations of $1.1 billion and $326.9 million, respectively (2016 – $608.3 million and $90.4 million, respectively).

Multi-Beneficiary Reduced Collateral Reinsurance Trusts

Each of Renaissance Reinsurance and DaVinci has been approved as an "eligible reinsurer" in the state of Florida, and are authorized to provide reduced collateral equal to 20% and 50%, respectively, of their net outstanding insurance liabilities to Florida-domiciled insurers. Each of Renaissance Reinsurance and DaVinci has established a multi-beneficiary reduced collateral reinsurance trust ("RCT") to collateralize its (re)insurance liabilities associated with Florida-domiciled cedants. Because the RCTs were established in New York, they are subject to the rules and regulations of the state of New York including but not limited to certain minimum capital funding requirements, investment guidelines, capital distribution restrictions and regulatory reporting requirements. Assets held under trust at December 31, 2017 with respect to the RCTs totaled $49.4 million and $62.0 million for Renaissance Reinsurance and DaVinci, respectively (2016 - $39.5 million and $19.1 million, respectively), compared to the minimum amount required under U.S. state regulations of $39.7 million and $46.0 million, respectively (2016 - $14.9 million and $14.1 million, respectively).

NOTE 19. DERIVATIVE INSTRUMENTS

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

F-82

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

	Derivative Assets					
At December 31, 2017	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$684	524	$ 160	Other assets	$ —	$ 160
Interest rate swaps	424	—	424	Other assets	—	424
Foreign currency forward contracts (1)	3,865	358	3,507	Other assets	—	3,507
Foreign currency forward contracts (2)	39	11	28	Other assets	—	28
Credit default swaps	1,518	—	1,518	Other assets	—	1,518
Total	$6,530	$ 893	$ 5,637		$ —	$ 5,637

	Derivative Liabilities					
At December 31, 2017	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
Interest rate futures	$729	524	$ 205	Other liabilities	$ 205	$ —
Foreign currency forward contracts (1)	670	—	670	Other liabilities	—	670
Foreign currency forward contracts (2)	115	11	104	Other liabilities	—	104
Credit default swaps	22	—	22	Other liabilities	22	—
Total	$1,536	$ 535	$ 1,001		$ 227	$ 774

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

At December 31, 2016	Derivative Assets Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Balance Sheet Location	Collateral	Net Amount
Interest rate futures	$1,384	1,235	$ 149	Other assets	$ —	$149
Foreign currency forward contracts (1)	774	—	774	Other assets	—	774
Foreign currency forward contracts (2)	621	447	174	Other assets	—	174
Credit default swaps	1,429	23	1,406	Other assets	—	1,406
Total	$4,208	$ 1,705	$ 2,503		$ —	$2,503

At December 31, 2016	Derivative Liabilities Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Balance Sheet Location	Collateral Pledged	Net Amount
Interest rate futures	$2,030	1,235	$ 795	Other liabilities	$ 789	$6
Foreign currency forward contracts (1)	10,550	397	10,153	Other liabilities	—	10,153
Foreign currency forward contracts (2)	766	447	319	Other liabilities	—	319
Credit default swaps	181	23	158	Other liabilities	—	158
Total	$13,527	$ 2,102	$ 11,425		$ 789	$10,636

(1) Contracts used to manage foreign currency risks in underwriting and non-investment operations.
(2) Contracts used to manage foreign currency risks in investment operations.
Refer to “Note 5. Investments” for information on reverse repurchase agreements.

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

	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives		
Year ended December 31,		2017	2016	2015
Interest rate futures	Net realized and unrealized gains (losses) on investments	$(3,252)	$(17,379)	$5,573
Interest rate swaps	Net realized and unrealized gains (losses) on investments	436	—	—
Foreign currency forward contracts (1)	Net foreign exchange gains (losses)	9,628	(6,937)	(1,943)
Foreign currency forward contracts (2)	Net foreign exchange gains (losses)	(916)	(1,591)	8,862
Credit default swaps	Net realized and unrealized gains (losses) on investments	326	1,965	(313)
Weather contract	Net realized and unrealized gains (losses) on investments	—	—	183
Total		$6,222	$(23,942)	$12,362

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

The Company is not aware of the existence of any credit-risk related contingent features that it believes would be triggered in its derivative instruments that are in a net liability position at December 31, 2017.

Interest Rate Derivatives

The Company uses interest rate futures and swaps within its portfolio of fixed maturity investments to manage its exposure to interest rate risk, which may result in increasing or decreasing its exposure to this risk.

Interest Rate Futures

The fair value of interest rate futures is determined using exchange traded prices. At December 31, 2017, the Company had $1.5 billion of notional long positions and $801.1 million of notional short positions of primarily Eurodollar, U.S. treasury and non-U.S. dollar futures contracts (2016 – $1.2 billion and $727.9 million, respectively).

Interest Rate Swaps

During 2017, the Company entered into interest rate swaps. The fair value of interest rate swaps is determined using the relevant exchange traded price where available or a discounted cash flow model based on the terms of the contract and inputs, including, where applicable, observable yield curves. At December 31, 2017, the Company had $40.3 million of notional positions paying a fixed rate and $Nil receiving a fixed rate denominated in U.S. dollars.

Foreign Currency Derivatives

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

Underwriting Operations Related Foreign Currency Contracts

The Company’s foreign currency policy with regard to its underwriting operations is generally to hold foreign currency assets, including cash, investments and receivables that approximate the foreign currency liabilities, including claims and claim expense reserves and reinsurance balances payable. When necessary, the Company may use foreign currency forward and option contracts to minimize the effect of fluctuating foreign currencies on the value of non-U.S. dollar denominated assets and liabilities associated with its underwriting operations. The fair value of the Company’s underwriting operations related foreign currency contracts is determined using indicative pricing obtained from counterparties or broker quotes. At December 31, 2017, the Company had outstanding underwriting related foreign currency contracts of $215.4 million in notional long positions and $44.2 million in notional short positions, denominated in U.S. dollars (2016 – $184.2 million and $91.4 million, respectively).

Investment Portfolio Related Foreign Currency Forward Contracts

The Company’s investment operations are exposed to currency fluctuations through its investments in non-U.S. dollar fixed maturity investments, short term investments and other investments. From time to time, the Company may employ foreign currency forward contracts in its investment portfolio to either assume foreign currency risk or to economically hedge its exposure to currency fluctuations from these investments. The fair value of the Company’s investment portfolio related foreign currency forward contracts is determined using an interpolated rate based on closing forward market rates. At December 31, 2017, the Company had outstanding investment portfolio related foreign currency contracts of $16.6 million in notional long positions and $5.1 million in notional short positions, denominated in U.S. dollars (2016 – $26.9 million and $57.3 million, respectively).

Credit Derivatives

The Company’s exposure to credit risk is primarily due to its fixed maturity investments, short term investments, premiums receivable and reinsurance recoverable. From time to time, the Company purchases credit derivatives to hedge its exposures in the insurance industry, and to assist in managing the credit risk associated with ceded reinsurance. The Company also employs credit derivatives in its investment portfolio to either assume credit risk or hedge its credit exposure. The fair value of credit derivatives is determined using industry valuation models, broker bid indications or internal pricing valuation techniques. The fair value of these credit derivatives can change based on a variety of factors including changes in credit spreads, default rates and recovery rates, the correlation of credit risk between the referenced credit and the counterparty, and market rate inputs such as interest rates. At December 31, 2017, the Company had outstanding credit derivatives of $1.0 million in notional positions to hedge credit risk and $18.8 million in notional positions to assume credit risk, denominated in U.S. dollars (2016 – $Nil and $75.2 million, respectively).

NOTE 20. COMMITMENTS, CONTINGENCIES AND OTHER ITEMS

CONCENTRATION OF CREDIT RISK

Instruments which potentially subject the Company to concentration of credit risk consist principally of investments, including the Company’s equity method investments, cash, premiums receivable and reinsurance balances. The Company limits the amount of credit exposure to any one financial institution and, except for U.S. Government securities, none of the Company’s investments exceeded 10% of shareholders’ equity at December 31, 2017. See “Note 7. Reinsurance”, for information with respect to reinsurance recoverable.

EMPLOYMENT AGREEMENTS

The Board of Directors has authorized the execution of employment agreements between the Company and certain officers. These agreements provide for, among other things, severance payments under certain circumstances, as well as accelerated vesting of options and certain restricted stock grants, upon a change in control, as defined in the employment agreements and the Company’s stock incentive plans.

LETTERS OF CREDIT AND OTHER COMMITMENTS

At December 31, 2017, the Company's banks have issued letters of credit of $501.4 million in favor of certain ceding companies, including the Renaissance Reinsurance FAL Facility and Specialty Risks FAL Facility, each noted below. In connection with the Company's Top Layer Re joint venture, Renaissance Reinsurance has committed $37.5 million of collateral to support a letter of credit and is obligated to make a mandatory capital contribution of up to $50.0 million in the event that a loss reduces Top Layer Re's capital and surplus below a specified level. The letters of credit are secured by cash and investments of similar amounts.

At December 31, 2017, letters of credit in the amounts of $180.0 million were issued pursuant to the Renaissance Reinsurance FAL Facility and £10.0 million issued pursuant to the Specialty Risks FAL Facility.

See "Note 9. Debt and Credit Facilities" for additional information related to the Company's debt and credit facilities.

PRIVATE EQUITY AND INVESTMENT COMMITMENTS

The Company has committed capital to private equity partnerships and other entities of $1.0 billion, of which $585.2 million has been contributed at December 31, 2017. The Company's remaining commitments to these funds at December 31, 2017 totaled $429.9 million. These commitments do not have a defined contractual commitment date.

INDEMNIFICATIONS AND WARRANTIES

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on past experience, management currently believes that the likelihood of such an event is remote.

OPERATING AND CAPITAL LEASES

The Company leases office space under operating leases which expire at various dates through 2023. Future minimum lease payments under existing operating leases are expected to be as follows:

	Minimum lease payments
2018	$ 7,604
2019	6,937
2020	5,249
2021	4,925
2022	4,249
After 2022	1,841
Future minimum lease payments under existing operating leases	$ 30,805

The Company’s capital leases primarily relate to office space in Bermuda with an initial lease term of 20 years, ending in 2028, and a bargain renewal option for an additional 30 years. The future minimum lease payments of the Company’s capital leases are detailed below, and relate principally to the transaction noted above, excluding the bargain renewal option.

	Minimum lease payments
2018	$ 3,150
2019	3,331
2020	3,336
2021	3,336
2022	3,336
After 2022	15,620
Future minimum lease payments under existing capital leases	$ 32,109

FOREIGN TO FOREIGN RETROCESSIONS

During the fourth quarter of 2015, the Company recognized a recovery and corresponding reduction to acquisition expenses in its Property segment of $7.7 million associated with the December 2015 decision by the IRS to revoke its position that federal excise tax applies on foreign to foreign retrocessions.

LITIGATION

The Company and its subsidiaries are subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on reinsurance treaties or contracts or direct surplus lines insurance policies. In the Company’s industry, business litigation may involve allegations of underwriting or claims-handling errors or misconduct, disputes relating to the scope of, or compliance with, the terms of delegated underwriting agreements, employment claims, regulatory actions or disputes arising from the Company’s business ventures. The Company’s operating subsidiaries are subject to claims litigation involving, among other things, disputed interpretations of policy coverages. Generally, the Company’s direct surplus lines insurance operations are subject to greater frequency and diversity of claims and claims-related litigation than its reinsurance operations and, in some jurisdictions, may be subject to direct actions by allegedly injured persons or entities seeking damages from policyholders. These lawsuits, involving or arising out of claims on policies issued by the Company’s subsidiaries which are typical to the insurance industry in general and in the normal course of business, are considered in its claims and claim expense reserves which are discussed in “Note 8. Reserve for Claims and Claim Expenses”. In addition, the Company may from time to time engage in litigation or arbitration related to its claims for payment in respect of ceded reinsurance, including disputes that challenge the Company’s ability to enforce its underwriting intent. Such matters could result, directly or indirectly, in providers of protection not meeting their obligations to the Company or not doing so on a timely basis. The Company may also be subject to other disputes from time to time, relating to operational or other matters distinct from insurance or reinsurance claims. Any litigation or arbitration, or regulatory process, contains an element of uncertainty, and the value of an exposure or a gain contingency related to a dispute is difficult to estimate accordingly. Currently, the Company believes that no individual litigation or arbitration to which it is presently a party is likely to have a material adverse effect on its financial condition, business or operations.

NOTE 21. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Quarter Ended March 31, 2017	Quarter Ended March 31, 2016	Quarter Ended June 30, 2017	Quarter Ended June 30, 2016	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016	Quarter Ended December 31, 2017	Quarter Ended December 31, 2016
Revenues								
Gross premiums written	$922,090	$862,133	$827,415	$759,128	$640,269	$430,224	$407,766	$323,091
Net premiums written	$544,136	$511,675	$555,745	$519,916	$483,221	$284,222	$288,223	$219,499
(Increase) decrease in unearned premiums	(178,091)	(158,069)	(173,480)	(168,514)	64,571	62,299	133,250	132,402
Net premiums earned	366,045	353,606	382,265	351,402	547,792	346,521	421,473	351,901
Net investment income	54,325	28,863	54,163	54,124	40,257	51,423	73,464	47,316
Net foreign exchange gains (losses)	8,165	(1,692)	3,109	(690)	(156)	(5,986)	(490)	(5,420)
Equity in (losses) earnings of other ventures	(1,507)	1,611	5,543	6,022	1,794	(11,630)	2,200	4,960
Other income	1,665	4,079	2,392	2,654	2,996	2,268	2,362	5,177
Net realized and unrealized gains (losses) on investments	43,373	61,653	58,113	69,772	42,052	59,870	(7,716)	(49,967)
Total revenues	472,066	448,120	505,585	483,284	634,735	442,466	491,293	353,967
Expenses								
Net claims and claim expenses incurred	193,081	126,605	142,587	167,750	1,221,696	112,575	304,064	123,901
Acquisition costs	83,282	65,592	88,251	69,005	76,761	80,580	98,598	74,146
Operational expenses	47,283	56,235	41,766	51,073	42,537	40,493	29,192	49,948
Corporate expenses	5,286	8,225	4,636	5,752	4,413	11,537	4,237	11,888
Interest expense	10,526	10,538	10,091	10,536	11,799	10,536	11,777	10,534
Total expenses	339,458	267,195	287,331	304,116	1,357,206	255,721	447,868	270,417
Income (loss) before taxes	132,608	180,925	218,254	179,168	(722,471)	186,745	43,425	83,550
Income tax (expense) benefit	(334)	(2,744)	(3,904)	(6,612)	18,977	1,316	(41,226)	7,700
Net income (loss)	132,274	178,181	214,350	172,556	(703,494)	188,061	2,199	91,250
Net (income) loss attributable to redeemable noncontrolling interests	(34,327)	(44,591)	(37,612)	(30,635)	204,277	(35,641)	(56)	(16,219)
Net income (loss) available (attributable) to RenaissanceRe	97,947	133,590	176,738	141,921	(499,217)	152,420	2,143	75,031
Dividends on preference shares	(5,595)	(5,595)	(5,596)	(5,596)	(5,595)	(5,595)	(5,595)	(5,595)
Net income (loss) available (attributable)	$92,352	$127,995	$171,142	$136,325	$(504,812)	$146,825	$(3,452)	$69,436

to RenaissanceRe common shareholders								
Net income (loss) available (attributable) to RenaissanceRe common shareholders per common share – basic	$2.26	$2.97	$4.25	$3.23	$(12.75)	$3.58	$(0.09)	$1.70
Net income (loss) available (attributable) to RenaissanceRe common shareholders per common share – diluted	$2.25	$2.95	$4.24	$3.22	$(12.75)	$3.56	$(0.09)	$1.69
Average shares outstanding – basic	40,408	42,577	39,937	41,693	39,591	40,513	39,478	40,474
Average shares outstanding – diluted	40,623	42,912	40,024	41,885	39,591	40,733	39,478	40,707

NOTE 22. CONDENSED CONSOLIDATING FINANCIAL INFORMATION PROVIDED IN CONNECTION WITH OUTSTANDING DEBT OF SUBSIDIARIES

The following tables present condensed consolidating balance sheets at December 31, 2017 and 2016, condensed consolidating statements of operations, condensed consolidating statements of comprehensive (loss) income and condensed consolidating statements of cash flows for the years ended December 31, 2017, 2016 and 2015, respectively. Each of RRNAH and RenaissanceRe Finance is a 100% owned subsidiary of RenaissanceRe. On June 1, 2017, the Platinum Finance Notes matured and the Company repaid the aggregate principal amount plus applicable accrued interest in full. Platinum Finance was subsequently dissolved on November 30, 2017. Prior to the liquidation of Platinum Finance, it was a 100% owned subsidiary of RenaissanceRe. For additional information related to the terms of the Company's outstanding debt securities, see "Note 9. Debt and Credit Facilities".

Condensed Consolidating Balance Sheet at December 31, 2017	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets						
Total investments	$ 225,266	$ 129,732	$ 31,255	$ 9,117,186	$—	$ 9,503,439
Cash and cash equivalents	14,656	139	1,469	1,345,328	—	1,361,592
Investments in subsidiaries	4,105,760	36,140	1,141,733	—	(5,283,633)	—
Due from subsidiaries and affiliates	4,602	91,891	—	—	(96,493)	—
Premiums receivable	—	—	—	1,304,622	—	1,304,622
Prepaid reinsurance premiums	—	—	—	533,546	—	533,546
Reinsurance recoverable	—	—	—	1,586,630	—	1,586,630
Accrued investment income	405	428	82	41,320	—	42,235
Deferred acquisition costs	—	—	—	426,551	—	426,551
Receivable for investments sold	135	51	8	102,951	—	103,145
Other assets	433,468	21,342	430,481	76,703	(840,768)	121,226
Goodwill and other intangible assets	124,960	—	—	118,185	—	243,145
Total assets	$ 4,909,252	$ 279,723	$ 1,605,028	$ 14,653,022	$ (6,220,894)	$ 15,226,131
Liabilities, Noncontrolling Interests and Shareholders' Equity						
Liabilities						
Reserve for claims and claim expenses	$ —	$ —	$ —	$ 5,080,408	$—	$ 5,080,408
Unearned premiums	—	—	—	1,477,609	—	1,477,609
Debt	417,000	—	841,892	147,731	(417,000)	989,623
Amounts due to subsidiaries and affiliates	82,579	54	92,794	—	(175,427)	—
Reinsurance balances payable	—	—	—	989,090	—	989,090
Payable for investments purchased	—	—	—	208,749	—	208,749
Other liabilities	18,298	1,053	14,117	764,432	(5,129)	792,771

Total liabilities	517,877	1,107	948,803	8,668,019	(597,556)	9,538,250
Redeemable noncontrolling interests	—	—	—	1,296,506	—	1,296,506
Shareholders' Equity						
Total shareholders' equity	4,391,375	278,616	656,225	4,688,497	(5,623,338)	4,391,375
Total liabilities, noncontrolling interests and shareholders' equity	$ 4,909,252	$ 279,723	$ 1,605,028	$ 14,653,022	$ (6,220,894)	$ 15,226,131

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Balance Sheet at December 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Assets							
Total investments	$ 387,274	$ 119,163	$ 267,556	$ 45,027	$ 8,497,948	$—	$ 9,316,968
Cash and cash equivalents	7,067	162	6,671	9,397	397,860	—	421,157
Investments in subsidiaries	4,074,769	34,761	843,089	1,165,413	—	(6,118,032)	—
Due from subsidiaries and affiliates	7,413	91,892	—	—	—	(99,305)	—
Premiums receivable	—	—	—	—	987,323	—	987,323
Prepaid reinsurance premiums	—	—	—	—	441,260	—	441,260
Reinsurance recoverable	—	—	—	—	279,564	—	279,564
Accrued investment income	105	289	551	106	37,025	—	38,076
Deferred acquisition costs	—	—	—	—	335,325	—	335,325
Receivable for investments sold	136	2	99	45	105,559	—	105,841
Other assets	410,757	37,204	4,689	127,572	118,098	(522,938)	175,382
Goodwill and other intangible assets	130,407	—	—	—	120,779	—	251,186
Total assets	$ 5,017,928	$ 283,473	$ 1,122,655	$ 1,347,560	$ 11,320,741	$ (6,740,275)	$ 12,352,082
Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity							
Liabilities							
Reserve for claims and claim expenses	$ —	$ —	$ —	$ —	$ 2,848,294	$—	$ 2,848,294
Unearned premiums	—	—	—	—	1,231,573	—	1,231,573
Debt	117,000	—	255,352	545,889	147,422	(117,000)	948,663
Amounts due to subsidiaries and affiliates	14,644	42	123	96,061	—	(110,870)	—
Reinsurance balances payable	—	—	—	—	673,983	—	673,983
	—	—	—	—	305,714	—	305,714

Payable for investments purchased							
Other liabilities	19,707	10,544	—	13,350	270,610	(12,527)	301,684
Total liabilities	151,351	10,586	255,475	655,300	5,477,596	(240,397)	6,309,911
Redeemable noncontrolling interests	—	—	—	—	1,175,594	—	1,175,594
Shareholders' Equity							
Total shareholders' equity	4,866,577	272,887	867,180	692,260	4,667,551	(6,499,878)	4,866,577
Total liabilities, redeemable noncontrolling interest and shareholders' equity	$ 5,017,928	$ 283,473	$ 1,122,655	$ 1,347,560	$ 11,320,741	$ (6,740,275)	$ 12,352,082

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the year ended December 31, 2017	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	$ —	$ —	$ —	$ —	$ 1,717,575	$ —	$ 1,717,575
Net investment income	23,109	1,947	1,373	3,090	219,490	(26,800)	222,209
Net foreign exchange (losses) gains	(1)	—	—	—	10,629	—	10,628
Equity in (losses) earnings of other ventures	—	—	—	(223)	8,253	—	8,030
Other income	—	—	—	—	9,415	—	9,415
Net realized and unrealized (losses) gains on investments	(1,357)	9,621	4,916	(479)	123,121	—	135,822
Total revenues	21,751	11,568	6,289	2,388	2,088,483	(26,800)	2,103,679
Expenses							
Net claims and claim expenses incurred	—	—	—	—	1,861,428	—	1,861,428
Acquisition expenses	—	—	—	—	346,892	—	346,892
Operational expenses	11,314	103	85	26,063	141,572	(18,359)	160,778
Corporate expenses	18,546	—	—	—	26	—	18,572
Interest expense	1,572	—	2,461	31,657	10,075	(1,572)	44,193
Total expenses	31,432	103	2,546	57,720	2,359,993	(19,931)	2,431,863
(Loss) income before equity in net (loss) income of subsidiaries and taxes	(9,681)	11,465	3,743	(55,332)	(271,510)	(6,869)	(328,184)
Equity in net (loss) income of subsidiaries	(212,708)	756	28,028	9,298	—	174,626	—
(Loss) income before taxes	(222,389)	12,221	31,771	(46,034)	(271,510)	167,757	(328,184)
Income tax (expense) benefit	—	(18,147)	(1,175)	7,163	(14,328)	—	(26,487)
Net (loss) income	(222,389)	(5,926)	30,596	(38,871)	(285,838)	167,757	(354,671)
Net loss attributable to redeemable noncontrolling interests	—	—	—	—	132,282	—	132,282
Net (loss) income attributable to RenaissanceRe	(222,389)	(5,926)	30,596	(38,871)	(153,556)	167,757	(222,389)
Dividends on preference shares	(22,381)	—	—	—	—	—	(22,381)

Net (loss) income (attributable) available to RenaissanceRe common shareholders	$ (244,770)	$ (5,926)	$ 30,596	$ (38,871)	$ (153,556)	$ 167,757	$ (244,770)

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive (Loss) Income for the year ended December 31, 2017	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive (loss) income							
Net (loss) income	$ (222,389)	$ (5,926)	$ 30,596	$ (38,871)	$ (285,838)	$ 167,757	$ (354,671)
Change in net unrealized gains on investments	—	—	—	—	(909)	—	(909)
Comprehensive (loss) income	(222,389)	(5,926)	30,596	(38,871)	(286,747)	167,757	(355,580)
Net loss attributable to redeemable noncontrolling interests	—	—	—	—	132,282	—	132,282
Comprehensive loss attributable to redeemable noncontrolling interests	—	—	—	—	132,282	—	132,282
Comprehensive (loss) income (attributable) available to RenaissanceRe	$ (222,389)	$ (5,926)	$ 30,596	$ (38,871)	$ (154,465)	$ 167,757	$ (223,298)

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor, Subsidiary Guarantor and Subsidiary Issuer consolidating adjustments.

F-93

Condensed Consolidating Statement of Operations for the year ended December 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	$ —	$ —	$ —	$ —	$ 1,403,430	$ —	$ 1,403,430
Net investment income	24,178	1,852	3,989	569	175,407	(24,269)	181,726
Net foreign exchange losses	(2)	—	—	—	(13,786)	—	(13,788)
Equity in earnings of other ventures	—	—	—	—	963	—	963
Other (loss) income	(772)	—	—	—	14,950	—	14,178
Net realized and unrealized gains on investments	4,151	4,659	8,193	46	124,279	—	141,328
Total revenues	27,555	6,511	12,182	615	1,705,243	(24,269)	1,727,837
Expenses							
Net claims and claim expenses incurred	—	—	—	—	530,831	—	530,831
Acquisition expenses	—	—	—	—	289,323	—	289,323
Operational expenses	13,716	(112)	296	22,152	176,041	(14,344)	197,749
Corporate expenses	26,848	203	—	7	10,344	—	37,402
Interest expense	562	—	5,906	26,176	10,062	(562)	42,144
Total expenses	41,126	91	6,202	48,335	1,016,601	(14,906)	1,097,449
(Loss) income before equity in net income of subsidiaries and taxes	(13,571)	6,420	5,980	(47,720)	688,642	(9,363)	630,388
Equity in net income of subsidiaries	516,533	3,857	25,073	38,628	—	(584,091)	—
Income (loss) before taxes	502,962	10,277	31,053	(9,092)	688,642	(593,454)	630,388
Income tax (expense) benefit	—	(2,275)	(1,462)	11,014	(7,617)	—	(340)
Net income	502,962	8,002	29,591	1,922	681,025	(593,454)	630,048
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(127,086)	—	(127,086)
Net income attributable to RenaissanceRe	502,962	8,002	29,591	1,922	553,939	(593,454)	502,962
Dividends on preference shares	(22,381)	—	—	—	—	—	(22,381)
Net income available to RenaissanceRe common shareholders	$ 480,581	$ 8,002	$ 29,591	$ 1,922	$ 553,939	$ (593,454)	$ 480,581

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Comprehensive Income for the year ended December 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income							
Net income	$ 502,962	$ 8,002	$ 29,591	$ 1,922	$ 681,025	$ (593,454)	$ 630,048
Change in net unrealized gains on investments	—	—	—	—	(975)	—	(975)
Comprehensive income	502,962	8,002	29,591	1,922	680,050	(593,454)	629,073
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(127,086)	—	(127,086)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(127,086)	—	(127,086)
Comprehensive income available to RenaissanceRe	$ 502,962	$ 8,002	$ 29,591	$ 1,922	$ 552,964	$ (593,454)	$ 501,987

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

Condensed Consolidating Statement of Operations for the year ended December 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Revenues							
Net premiums earned	$ —	$ —	$ —	$ —	$ 1,400,551	$ —	$ 1,400,551
Net investment income	15,391	1,251	4,063	996	144,642	(13,776)	152,567
Net foreign exchange gains (losses)	4	—	—	—	(3,055)	—	(3,051)
Equity in earnings of other ventures	—	—	—	—	20,481	—	20,481
Other income	663	—	—	—	13,472	(663)	13,472
Net realized and unrealized (losses) gains on investments	(2,080)	566	(2,600)	—	(64,804)	—	(68,918)
Total revenues	13,978	1,817	1,463	996	1,511,287	(14,439)	1,515,102
Expenses							
Net claims and claim expenses incurred	—	—	—	—	448,238	—	448,238
Acquisition expenses	—	—	—	—	238,592	—	238,592
Operational expenses	4,249	4,561	3	2,503	207,802	(6)	219,112
Corporate expenses	40,808	312	3	—	35,391	—	76,514
Interest expense	1,255	7,233	4,922	16,179	7,677	(996)	36,270
Total expenses	46,312	12,106	4,928	18,682	937,700	(1,002)	1,018,726
(Loss) income before equity in net income of subsidiaries and taxes	(32,334)	(10,289)	(3,465)	(17,686)	573,587	(13,437)	496,376
Equity in net income of subsidiaries	463,526	5,493	35,329	72,925	—	(577,273)	—
Income (loss) before taxes	431,192	(4,796)	31,864	55,239	573,587	(590,710)	496,376
Income tax benefit	—	32,005	1,985	6,190	5,686	—	45,866
Net income	431,192	27,209	33,849	61,429	579,273	(590,710)	542,242
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(111,050)	—	(111,050)
Net income attributable to RenaissanceRe	431,192	27,209	33,849	61,429	468,223	(590,710)	431,192
Dividends on preference shares	(22,381)	—	—	—	—	—	(22,381)
Net income available to RenaissanceRe common shareholders	$ 408,811	$ 27,209	$ 33,849	$ 61,429	$ 468,223	$ (590,710)	$ 408,811

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

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

Condensed Consolidating Statement of Comprehensive Income for the year ended December 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	Consolidating Adjustments (2)	RenaissanceRe Consolidated
Comprehensive income							
Net income	$ 431,192	$ 27,209	$ 33,849	$ 61,429	$ 579,273	$ (590,710)	$ 542,242
Change in net unrealized gains on investments	—	—	—	—	(1,308)	—	(1,308)
Comprehensive income	431,192	27,209	33,849	61,429	577,965	(590,710)	540,934
Net income attributable to redeemable noncontrolling interests	—	—	—	—	(111,050)	—	(111,050)
Comprehensive income attributable to redeemable noncontrolling interests	—	—	—	—	(111,050)	—	(111,050)
Comprehensive income attributable to RenaissanceRe	$ 431,192	$ 27,209	$ 33,849	$ 61,429	$ 466,915	$ (590,710)	$ 429,884

(1) Includes all other subsidiaries of RenaissanceRe Holdings Ltd. and eliminations.
(2) Includes Parent Guarantor and Subsidiary Issuer consolidating adjustments.

F-97

Condensed Consolidating Statement of Cash Flows for the year ended December 31, 2017	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows (used in) provided by operating activities						
Net cash (used in) provided by operating activities	$ (4,109)	$ (8,253)	$ (2,272)	$ (347,890)	$ 1,408,311	$ 1,045,787
Cash flows provided by (used in) investing activities						
Proceeds from sales and maturities of fixed maturity investments trading	261,601	100,248	289,741	288,900	8,550,179	9,490,669
Purchases of fixed maturity investments trading	(344,463)	(99,568)	(143,991)	(275,778)	(9,229,732)	(10,093,532)
Net (purchases) sales of equity investments trading	—	(1,752)	85,324	—	32,265	115,837
Net sales (purchases) of short term investments	243,571	114	41,299	(493)	79,520	364,011
Net purchases of other investments	—	—	—	—	(19,419)	(19,419)
Dividends and return of capital from subsidiaries	478,496	9,175	—	41,866	(529,537)	—
Contributions to subsidiaries	(669,672)	—	(26,649)	(9,890)	706,211	—
Due to (from) subsidiary	319,646	13	(123)	(509)	(319,027)	—
Net cash provided by (used in) investing activities	289,179	8,230	245,601	44,096	(729,540)	(142,434)
Cash flows (used in) provided by financing activities						
Dividends paid – RenaissanceRe common shares	(51,370)	—	—	—	—	(51,370)
Dividends paid – preference shares	(22,381)	—	—	—	—	(22,381)
RenaissanceRe common share repurchases	(188,591)	—	—	—	—	(188,591)
Issuance of debt	—	—	—	295,866	—	295,866
Repayment of debt	—	—	(250,000)	—	—	(250,000)
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	260,475	260,475
Taxes paid on withholding shares	(15,139)	—	—	—	—	(15,139)
Net cash (used in) provided by financing activities	(277,481)	—	(250,000)	295,866	260,475	28,860
Effect of exchange rate changes on foreign currency cash	—	—	—	—	8,222	8,222
	7,589	(23)	(6,671)	(7,928)	947,468	940,435

Net increase (decrease) in cash and cash equivalents						
Cash and cash equivalents, beginning of period	7,067	162	6,671	9,397	397,860	421,157
Cash and cash equivalents, end of period	$ 14,656	$ 139	$ —	$ 1,469	$ 1,345,328	$ 1,361,592

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

F-98

Condensed Consolidating Statement of Cash Flows for the year ended December 31, 2016	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows (used in) provided by operating activities						
Net cash (used in) provided by operating activities	$ (3,509)	$ 1,477	$ (14,501)	$ (34,607)	$ 535,912	$ 484,772
Cash flows provided by (used in) investing activities						
Proceeds from sales and maturities of fixed maturity investments trading	314,568	69,941	145,082	—	7,572,923	8,102,514
Purchases of fixed maturity investments trading	(336,345)	(123,046)	(291,053)	—	(7,532,276)	(8,282,720)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	17,692	17,692
Net (purchases) sales of equity investments trading	—	(2,389)	193,022	—	(5,845)	184,788
Net (purchases) sales of short term investments	(111,814)	67,684	(32,901)	—	(41,586)	(118,617)
Net purchases of other investments	—	—	—	—	(68,589)	(68,589)
Net purchases of investments in other ventures	—	—	—	—	—	—
Net sales of other assets	—	—	—	—	400	400
Dividends and return of capital from subsidiaries	617,239	2,900	—	13,125	(633,264)	—
Contributions to subsidiaries	(108,674)	—	—	—	108,674	—
Due to (from) subsidiaries	23,758	(22,313)	(81)	30,202	(31,566)	—
Net cash provided by (used in) investing activities	398,732	(7,223)	14,069	43,327	(613,437)	(164,532)
Cash flows used in financing activities						
Dividends paid – RenaissanceRe common shares	(51,583)	—	—	—	—	(51,583)
Dividends paid – preference shares	(22,381)	—	—	—	—	(22,381)
RenaissanceRe common share repurchases	(309,434)	—	—	—	—	(309,434)
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	(2,990)	(2,990)
Taxes paid on withholding shares	(14,943)	—	—	—	—	(14,943)
Net cash used in financing activities	(398,341)	—	—	—	(2,990)	(401,331)

Effect of exchange rate changes on foreign currency cash	—	—	—	—	(4,637)	(4,637)
Net (decrease) increase in cash and cash equivalents	(3,118)	(5,746)	(432)	8,720	(85,152)	(85,728)
Cash and cash equivalents, beginning of period	10,185	5,908	7,103	677	483,012	506,885
Cash and cash equivalents, end of period	$ 7,067	$ 162	$ 6,671	$ 9,397	$ 397,860	$ 421,157

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

Condensed Consolidating Statement of Cash Flows for the year ended December 31, 2015	RenaissanceRe Holdings Ltd. (Parent Guarantor)	RenRe North America Holdings Inc. (Subsidiary Issuer)	Platinum Underwriters Finance, Inc. (Subsidiary Issuer)	RenaissanceRe Finance, Inc. (Subsidiary Issuer)	Other RenaissanceRe Holdings Ltd. Subsidiaries and Eliminations (Non-guarantor Subsidiaries) (1)	RenaissanceRe Consolidated
Cash flows (used in) provided by operating activities						
Net cash (used in) provided by operating activities	$ (28,965)	$ (9,201)	$ (6,830)	$ (17,871)	$ 487,852	$ 424,985
Cash flows provided by (used in) investing activities						
Proceeds from sales and maturities of fixed maturity investments trading	63,824	49,807	45,087	—	9,323,024	9,481,742
Purchases of fixed maturity investments trading	(161,183)	(59,040)	—	—	(9,462,845)	(9,683,068)
Proceeds from sales and maturities of fixed maturity investments available for sale	—	—	—	—	8,688	8,688
Net sales (purchases) of equity investments trading	—	33,693	(269,244)	—	87,993	(147,558)
Net (purchases) sales of short term investments	(116,461)	(63,305)	238,177	—	610,705	669,116
Net sales of other investments	—	—	—	—	15,843	15,843
Net purchases of investments in other ventures	—	—	—	—	(10,150)	(10,150)
Net sales of other assets	—	—	—	—	4,500	4,500
Dividends and return of capital from subsidiaries	1,584,624	180,000	65,000	87,553	(1,917,177)	—
Contributions to subsidiaries	(294,733)	(8,550)	(66,753)	(185,000)	555,036	—
Due to (from) subsidiary	207,996	(118,529)	129	(183,405)	93,809	—
Net purchase of Platinum	(904,433)	—	1,537	—	224,744	(678,152)
Net cash provided by (used in) investing activities	379,634	14,076	13,933	(280,852)	(465,830)	(339,039)
Cash flows (used in) provided by financing activities						
Dividends paid – RenaissanceRe common shares	(53,967)	—	—	—	—	(53,967)
Dividends paid – preference shares	(22,381)	—	—	—	—	(22,381)
RenaissanceRe common share repurchases	(259,874)	—	—	—	—	(259,874)
Net repayment of debt	—	—	—	299,400	146,189	445,589
Net third party redeemable noncontrolling interest share transactions	—	—	—	—	(193,032)	(193,032)

Taxes paid on withholding shares	(10,248)	—	—	—	—	(10,248)
Net cash (used in) provided by financing activities	(346,470)	—	—	299,400	(46,843)	(93,913)
Effect of exchange rate changes on foreign currency cash	—	—	—	—	(10,732)	(10,732)
Net increase (decrease) in cash and cash equivalents	4,199	4,875	7,103	677	(35,553)	(18,699)
Cash and cash equivalents, beginning of year	5,986	1,033	—	—	518,565	525,584
Cash and cash equivalents, end of year	$ 10,185	$ 5,908	$ 7,103	$ 677	$ 483,012	$ 506,885

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

F-100

NOTE 23. SUBSEQUENT EVENTS

Effective January 1, 2018, Upsilon RFO issued $600.5 million of non-voting preference shares to investors, including $75.0 million to the Company. This amount was received by the Company prior to December 31, 2017 and is included in other liabilities on the Company’s consolidated balance sheet at December 31, 2017, and also included in other operating cash flows on the Company’s consolidated statements of cash flows for the year ended December 31, 2017. Effective January 1, 2018, the Company’s participation in the risks assumed by Upsilon RFO was 14.1%.

Subsequent to December 31, 2017 and through the period ended February 2, 2018, third-party investors subscribed for $81.0 million of the participating, non-voting common shares of Medici. In addition, the Company redeemed an aggregate of $25.0 million of the participating, non-voting common shares of Medici. As a result of these transactions, the Company’s noncontrolling economic ownership in Medici was 17.8%, effective February 1, 2018.

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
INDEX TO SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the consolidated financial statements of RenaissanceRe Holdings Ltd. and Subsidiaries (the Company) as of December 31, 2017 and 2016, and for each of the three years in the period ended December 31, 2017, and have issued our report thereon dated February 8, 2018 (included elsewhere in this Annual Report on Form 10-K). Our audits also included the financial statement schedules listed in Item 15 of this Annual Report on Form 10-K. In our opinion, the financial statement schedules, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

Basis for Opinion

These schedules are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s schedules based on our audits. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young Ltd.
Hamilton, Bermuda
February 8, 2018

S-2

SCHEDULE I
RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
SUMMARY OF INVESTMENTS
OTHER THAN INVESTMENTS IN RELATED PARTIES
(THOUSANDS OF UNITED STATES DOLLARS)

	December 31, 2017		
	Amortized Cost or Cost	Fair Value	Amount at which shown in the Balance Sheet
Type of investment:			
Fixed maturity investments			
U.S. treasuries	$3,195,767	$3,168,763	$ 3,168,763
Agencies	48,151	47,646	47,646
Municipal	506,486	509,802	509,802
Non-U.S. government (Sovereign debt)	287,641	287,660	287,660
Non-U.S. government-backed corporate	164,312	163,651	163,651
Corporate	2,057,219	2,063,459	2,063,459
Agency mortgage-backed	507,250	500,456	500,456
Non-agency mortgage-backed	283,303	300,331	300,331
Commercial mortgage-backed	202,452	202,062	202,062
Asset-backed	182,289	182,725	182,725
Total fixed maturity investments	$7,434,870	7,426,555	7,426,555
Short term investments		991,863	991,863
Equity investments		388,254	388,254
Other investments		594,793	594,793
Investments in other ventures, under equity method		101,974	101,974
Total investments		$9,503,439	$ 9,503,439

SCHEDULE II
RENAISSANCERE HOLDINGS LTD.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
RENAISSANCERE HOLDINGS LTD.
BALANCE SHEETS
AT DECEMBER 31, 2017 AND 2016
(PARENT COMPANY)
(THOUSANDS OF UNITED STATES DOLLARS)

	At December 31,	
	2017	2016
Assets		
Fixed maturity investments trading, at fair value - amortized cost $104,521 at December 31, 2017 (2016 - $22,402)	$103,638	$22,119
Short term investments, at fair value	121,628	365,155
Cash and cash equivalents	14,656	7,067
Investments in subsidiaries	4,105,760	4,074,769
Due from subsidiaries	4,602	7,413
Accrued investment income	405	105
Receivable for investments sold	135	136
Other assets	433,468	410,757
Goodwill and other intangible assets	124,960	130,407
Total assets	$4,909,252	$5,017,928
Liabilities and Shareholders' Equity		
Liabilities		
Notes and bank loans payable	$417,000	$117,000
Due to subsidiaries	82,579	14,644
Other liabilities	18,298	19,707
Total liabilities	517,877	151,351
Shareholders' Equity		
Preference shares: $1.00 par value – 16,000,000 shares issued and outstanding at December 31, 2017 (2016 – 16,000,000)	400,000	400,000
Common shares: $1.00 par value – 40,023,789 shares issued and outstanding at December 31, 2017 (2016 – 41,187,413)	40,024	41,187
Additional paid-in capital	37,355	216,558
Accumulated other comprehensive income	224	1,133
Retained earnings	3,913,772	4,207,699
Total shareholders' equity	4,391,375	4,866,577
Total liabilities and shareholders' equity	$4,909,252	$5,017,928

SCHEDULE II
RENAISSANCERE HOLDINGS LTD.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT – CONTINUED

RENAISSANCERE HOLDINGS LTD.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(PARENT COMPANY)
(THOUSANDS OF UNITED STATES DOLLARS)

	Year ended December 31,		
	2017	2016	2015
Revenues			
Net investment income	$23,109	$24,178	$15,391
Net foreign exchange (losses) gains	(1)	(2)	4
Other (loss) income	—	(772)	663
Net realized and unrealized (losses) gains on investments	(1,357)	4,151	(2,080)
Total revenues	21,751	27,555	13,978
Expenses			
Interest expense	1,572	562	1,255
Operational expenses	11,314	13,716	4,249
Corporate expenses	18,546	26,848	40,808
Total expenses	31,432	41,126	46,312
Loss before equity in net (loss) income of subsidiaries	(9,681)	(13,571)	(32,334)
Equity in net (loss) income of subsidiaries	(212,708)	516,533	463,526
Net (loss) income	(222,389)	502,962	431,192
Dividends on preference shares	(22,381)	(22,381)	(22,381)
Net (loss) income (attributable) available to RenaissanceRe common shareholders	$(244,770)	$480,581	$408,811

RENAISSANCERE HOLDINGS LTD.
STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(PARENT COMPANY)
(THOUSANDS OF UNITED STATES DOLLARS)

	Year ended December 31,		
	2017	2016	2015
Comprehensive (loss) income			
Net (loss) income	$(222,389)	$502,962	$431,192
Comprehensive (loss) income (attributable) available to RenaissanceRe	$(222,389)	$502,962	$431,192

SCHEDULE II
RENAISSANCERE HOLDINGS LTD.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT – CONTINUED

RENAISSANCERE HOLDINGS LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
(PARENT COMPANY)
(THOUSANDS OF UNITED STATES DOLLARS)

	Year ended December 31,		
	2017	2016	2015
Cash flows used in operating activities:			
Net (loss) income	$(222,389)	$502,962	$431,192
Less: equity in net loss (income) of subsidiaries	212,708	(516,533)	(463,526)
	(9,681)	(13,571)	(32,334)
Adjustments to reconcile net (loss) income to net cash used in operating activities			
Net realized and unrealized losses (gains) on investments	1,357	(4,151)	2,080
Other	4,215	14,213	1,289
Net cash used in operating activities	(4,109)	(3,509)	(28,965)
Cash flows provided by investing activities:			
Proceeds from maturities and sales of fixed maturity investments trading	261,601	314,568	63,824
Purchases of fixed maturity investments trading	(344,463)	(336,345)	(161,183)
Net sales (purchases) of short term investments	243,571	(111,814)	(116,461)
Dividends and return of capital from subsidiaries	478,496	617,239	1,584,624
Contributions to subsidiaries	(669,672)	(108,674)	(294,733)
Due to (from) subsidiary	319,646	23,758	207,996
Net purchase of Platinum	—	—	(904,433)
Net cash provided by investing activities	289,179	398,732	379,634
Cash flows used in financing activities:			
Dividends paid – RenaissanceRe common shares	(51,370)	(51,583)	(53,967)
Dividends paid – preference shares	(22,381)	(22,381)	(22,381)
RenaissanceRe common share repurchases	(188,591)	(309,434)	(259,874)
Taxes paid on withholding shares	(15,139)	(14,943)	(10,248)
Net cash used in financing activities	(277,481)	(398,341)	(346,470)
Net increase (decrease) in cash and cash equivalents	7,589	(3,118)	4,199
Cash and cash equivalents, beginning of year	7,067	10,185	5,986
Cash and cash equivalents, end of year	$14,656	$7,067	$10,185

SCHEDULE III
RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
(THOUSANDS OF UNITED STATES DOLLARS)

	December 31, 2017			Year ended December 31, 2017					
	Deferred Policy Acquisition Costs	Future Policy Benefits, Losses, Claims and Loss Expenses	Unearned Premiums	Premium Revenue	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Net Written Premiums
Property	$63,583	$2,486,390	$347,032	$931,070	$—	$1,297,985	$113,816	$94,194	$978,014
Casualty and Specialty	362,968	2,575,492	1,130,577	786,501	—	565,026	233,077	66,548	893,307
Other	—	18,526	—	4	222,209	(1,583)	(1)	36	4
Total	$426,551	$5,080,408	$1,477,609	$1,717,575	$222,209	$1,861,428	$346,892	$160,778	$1,871,325

	December 31, 2016			Year ended December 31, 2016					
	Deferred Policy Acquisition Costs	Future Policy Benefits, Losses, Claims and Loss Expenses	Unearned Premiums	Premium Revenue	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Net Written Premiums
Property	$46,938	$627,774	$289,080	$720,951	$—	$151,545	$97,594	$108,642	$725,321
Casualty and Specialty	288,387	2,195,126	942,493	682,337	—	380,396	191,729	88,984	809,848
Other	—	25,394	—	142	181,726	(1,110)	—	123	143
Total	$335,325	$2,848,294	$1,231,573	$1,403,430	$181,726	$530,831	$289,323	$197,749	$1,535,312

	December 31, 2015			Year ended December 31, 2015					
	Deferred Policy Acquisition Costs	Future Policy Benefits, Losses, Claims and Loss Expenses	Unearned Premiums	Premium Revenue	Net Investment Income	Benefits, Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Net Written Premiums
Property	$39,763	$706,199	$272,050	$805,985	$—	$128,290	$94,249	$118,666	$726,145
Casualty and Specialty	159,617	2,033,168	617,052	594,614	—	320,818	144,095	100,180	690,086
Other	—	27,678	—	(48)	152,567	(870)	248	266	(48)
Total	$199,380	$2,767,045	$889,102	$1,400,551	$152,567	$448,238	$238,592	$219,112	$1,416,183

SCHEDULE IV
RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF REINSURANCE PREMIUMS
(THOUSANDS OF UNITED STATES DOLLARS)

	Gross Amounts	Ceded to Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year ended December 31, 2017					
Property and liability premiums earned	$244,285	$ 833,929	$2,307,219	$1,717,575	134 %
Year ended December 31, 2016					
Property and liability premiums earned	$157,112	$ 628,675	$1,874,993	$1,403,430	134 %
Year ended December 31, 2015					
Property and liability premiums earned	$98,182	$ 466,719	$1,769,088	$1,400,551	126 %

SCHEDULE VI
RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION CONCERNING
PROPERTY-CASUALTY INSURANCE OPERATIONS
(THOUSANDS OF UNITED STATES DOLLARS)

Affiliation with Registrant	Deferred Policy Acquisition Costs	Reserves for Unpaid Claims and Claim Adjustment Expenses	Discount, if any, Deducted	Unearned Premiums	Earned Premiums	Net Investment Income
Consolidated Subsidiaries						
Year ended December 31, 2017	$426,551	$5,080,408	$ —	$1,477,609	$1,717,575	$ 222,209
Year ended December 31, 2016	$335,325	$2,848,294	$ —	$1,231,573	$1,403,430	$ 181,726
Year ended December 31, 2015	$199,380	$2,767,045	$ —	$889,102	$1,400,551	$ 152,567

Affiliation with Registrant	Claims and Claim Adjustment Expenses Incurred Related to Current Year	Prior Year	Amortization of Deferred Policy Acquisition Costs	Paid Claims and Claim Adjustment Expenses	Net Premiums Written
Consolidated Subsidiaries					
Year ended December 31, 2017	$1,902,424	$(40,996)	$ 346,892	$974,825	$1,871,325
Year ended December 31, 2016	$694,957	$(164,126)	$ 289,323	$589,294	$1,535,312
Year ended December 31, 2015	$610,685	$(162,447)	$ 238,592	$521,312	$1,416,183

S-8