

RENAISSANCERE HOLDINGS LTD
Form 10-Q
October 31, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarterly Period Ended September 30, 2006

OR

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

For the transition period from to

Commission File No. 34-0-26512

RENAISSANCERE HOLDINGS LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or Other Jurisdiction of
Incorporation or Organization)

98-014-1974
(I.R.S. Employer
Identification Number)

Renaissance House, 8-20 East Broadway, Pembroke HM 19 Bermuda
(Address of principal executive offices)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Edgar Filing: RENAISSANCERE HOLDINGS LTD - Form 10-Q

Large accelerated filer , Accelerated filer , Non-accelerated filer .

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

The number of outstanding shares of RenaissanceRe Holdings Ltd.'s common shares, par value US \$1.00 per share, as of October 23, 2006 was 72,137,122.

Total number of pages in this report: 63

RenaissanceRe Holdings Ltd.

INDEX TO FORM 10-Q

Part I – FINANCIAL INFORMATION

Item 1 – Financial Statements

Consolidated Balance Sheets at September 30, 2006 (Unaudited) and December 31, 2005	3
Unaudited Consolidated Statements of Operations for the three and nine months ended September 30, 2006 and 2005	4
Unaudited Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2006 and 2005	5
Unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2006 and 2005	6
Notes to Unaudited Consolidated Financial Statements	7

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations 22

Item 3 – Quantitative and Qualitative Disclosures About Market Risk 57

Item 4 – Controls and Procedures 59

Part II – OTHER INFORMATION 60

Item 1 – Legal Proceedings

Item 1A – Risk Factors

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

Item 3 – Defaults Upon Senior Securities

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

Item 5 – Other Information

Item 6 – Exhibits

Signature – RenaissanceRe Holdings Ltd. 63

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RenaissanceRe Holdings Ltd. and Subsidiaries
 Consolidated Balance Sheets
 (in thousands of United States Dollars)

	At	
	September 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets		
Fixed maturity investments available for sale, at fair value (Amortized cost \$3,137,682 and \$2,864,402 at September 30, 2006 and December 31, 2005, respectively)	\$ 3,176,045	\$ 2,872,294
Short term investments, at cost	1,841,330	1,653,618
Other investments, at fair value	559,256	586,467
Investments in other ventures, under equity method	195,787	178,774
Total investments	5,772,418	5,291,153
Cash and cash equivalents	245,817	174,001
Premiums receivable	623,869	363,105
Ceded reinsurance balances	232,439	57,134
Losses recoverable	394,335	673,190
Accrued investment income	38,437	25,808
Deferred acquisition costs	138,922	107,951
Other assets	93,320	178,919
Total assets	\$ 7,539,557	\$ 6,871,261
Liabilities, Minority Interest and Shareholders' Equity		
Liabilities		
Reserve for claims and claim expenses	\$ 2,155,213	\$ 2,614,551
Reserve for unearned premiums	900,133	501,744
Debt	410,000	500,000
Subordinated obligation to capital trust	103,093	103,093
Reinsurance balances payable	437,653	292,307
Other liabilities	123,827	142,815
Total liabilities	4,129,919	4,154,510
Minority Interest – DaVinciRe	612,431	462,911
Shareholders' Equity		
Preference shares	500,000	500,000
Common shares and additional paid-in capital	358,700	351,285
Accumulated other comprehensive income	25,472	4,760
Retained earnings	1,913,035	1,397,795
Total shareholders' equity	2,797,207	2,253,840
Total liabilities, minority interest, and shareholders' equity	\$ 7,539,557	\$ 6,871,261

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

3

RenaissanceRe Holdings Ltd. and Subsidiaries
 Consolidated Statements of Operations
 For the three and nine months ended September 30, 2006 and 2005
 (in thousands of United States Dollars, except per share amounts)
 (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Revenues				
Gross premiums written	\$ 257,752	\$ 382,790	\$ 1,748,695	\$ 1,520,606
Net premiums written	\$ 162,695	\$ 290,124	\$ 1,372,774	\$ 1,293,806
Decrease (increase) in unearned premiums	204,381	58,224	(223,085)	(305,204)
Net premiums earned	367,076	348,348	1,149,689	988,602
Net investment income	80,427	61,142	234,873	158,126
Net foreign exchange (losses) gains	(2,160)	1,729	(1,578)	9,577
Equity in earnings of other ventures	10,131	7,623	25,904	22,988
Other income (loss)	2,006	(1,256)	243	(1,566)
Net realized gains (losses) on investments	4,151	5,192	(36,953)	(3,414)
Total revenues	461,631	422,778	1,372,178	1,174,313
Expenses				
Net claims and claim expenses incurred	42,436	662,729	348,950	973,176
Acquisition expenses	63,998	65,955	207,409	163,037
Operational expenses	27,364	22,859	77,351	65,079
Corporate expenses	5,121	21,815	16,431	41,848
Interest expense	9,492	6,936	29,163	20,508
Total expenses	148,411	780,294	679,304	1,263,648
Income (loss) before minority interest and taxes	313,220	(357,516)	692,874	(89,335)
Minority interest – DaVinciRe	52,830	(78,978)	105,494	(44,311)
Income (loss) before taxes	260,390	(278,538)	587,380	(45,024)
Income tax expense	(616)	—	(893)	—
Net income (loss)	259,774	(278,538)	586,487	(45,024)
Dividends on preference shares	8,662	8,758	25,987	25,987
Net income (loss) available (attributable) to common shareholders	\$ 251,112	\$ (287,296)	\$ 560,500	\$ (71,011)
Net income (loss) available (attributable) to common shareholders per Common Share – basic	\$ 3.53	\$ (4.07)	\$ 7.89	\$ (1.01)

Net income (loss) available (attributable) to common shareholders per Common Share – diluted	\$ 3.48	\$ (4.07)	\$ 7.79	\$ (1.01)
Dividends declared per common share	\$ 0.21	\$ 0.20	\$ 0.63	\$ 0.60

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

4

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2006 and 2005
(in thousands of United States Dollars)
(Unaudited)

	Nine months ended	
	September 30, 2006	September 30, 2005
Preference shares	\$ 500,000	\$ 500,000
Common stock and additional paid-in capital		
Balance – January 1	351,285	328,896
Exercise of options and issuance of restricted stock awards	7,415	11,636
Repurchase of shares	—	(721)
Balance – September 30	358,700	339,811
Accumulated other comprehensive income		
Balance – January 1	4,760	78,960
Net unrealized gains (losses) on securities, net of adjustment (see disclosure below)	20,712	(50,578)
Balance – September 30	25,472	28,382
Retained earnings		
Balance – January 1	1,397,795	1,736,186
Net income (loss)	586,487	(45,024)
Dividends on Common Shares	(45,260)	(42,675)
Dividends on Preference Shares	(25,987)	(25,987)
Balance – September 30	1,913,035	1,622,500
Total Shareholders' Equity	\$ 2,797,207	\$ 2,490,693
Comprehensive income (1)		
Net income (loss)	\$ 586,487	\$ (45,024)
Other comprehensive gain (loss)	20,712	(50,578)
Comprehensive income (loss)	\$ 607,199	\$ (95,602)
Disclosure regarding net unrealized gains (losses)		
Net unrealized holding losses arising during period	\$ (16,241)	\$ (53,992)
Net realized losses included in net income (loss)	36,953	3,414
Change in net unrealized gains (losses) on securities	\$ 20,712	\$ (50,578)

(1) For the three months ended September 30, 2006 and 2005, the Company generated comprehensive income of \$280.3 million and a comprehensive loss of \$311.5 million, respectively. The accompanying notes are an integral part of these financial statements.

5

RenaissanceRe Holdings Ltd. and Subsidiaries
 Consolidated Statements of Cash Flows
 For the nine months ended September 30, 2006 and 2005
 (in thousands of United States Dollars)
 (Unaudited)

	Nine months ended	
	September 30, 2006	September 30, 2005
Cash flows provided by operating activities		
Net income (loss)	\$ 586,487	\$ (45,024)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Amortization and depreciation	(8,692)	8,216
Net realized investment losses	36,953	3,414
Equity in undistributed earnings of other ventures	(13,438)	(5,748)
Net unrealized gains included in investment income	(28,118)	(22,587)
Net unrealized losses included in other income (loss)	597	5,323
Minority interest in undistributed net income (loss) of DaVinciRe	105,494	(44,311)
Change in:		
Premiums receivable	(260,764)	(271,852)
Ceded reinsurance balances	(175,305)	(35,763)
Deferred acquisition costs	(30,971)	(50,656)
Reserve for claims and claim expenses, net	(180,483)	515,161
Reserve for unearned premiums	398,389	340,968
Reinsurance balances payable	145,346	152,390
Other	(15,185)	(7,077)
Net cash provided by operating activities	560,310	542,454
Cash flows used in investing activities		
Proceeds from sales and maturities of investments available for sale	4,165,060	23,733,463
Purchases of investments available for sale	(4,390,617)	(23,514,089)
Net purchases of short term investments	(187,712)	(525,250)
Net sales (purchases) of other investments	55,329	(67,057)
Net purchases of investments in other ventures	(7,500)	(10,000)
Net cash used in investing activities	(365,440)	(382,933)
Cash flows used in financing activities		

Dividends paid – common shares	(45,260)	(42,675)
Dividends paid – preference shares	(25,987)	(25,987)
Net increase in minority interest	38,193	—
RenaissanceRe share repurchase	—	(721)
Net repayment of debt	(90,000)	—
Net cash used in financing activities	(123,054)	(69,383)
Net increase in cash and cash equivalents	71,816	90,138
Cash and cash equivalents, beginning of period	174,001	66,740
Cash and cash equivalents, end of period	\$ 245,817	\$ 156,878

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

6

Table of Contents

RenaissanceRe Holdings Ltd. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
(Expressed in U.S. Dollars) (Unaudited)

1. The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States (“GAAP”) for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company’s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. The preparation of unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The major estimates reflected in the Company’s consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses, losses recoverable, including allowances for losses recoverable deemed uncollectible, estimates of written and earned premiums, the fair value of other investments and financial instruments and the Company’s net deferred tax asset valuation allowance. This report on Form 10-Q should be read in conjunction with the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2005. RenaissanceRe Holdings Ltd. and Subsidiaries include the following principal entities:

- RenaissanceRe Holdings Ltd. (“RenaissanceRe” or the “Company”), was formed under the laws of Bermuda on June 7, 1993. Through its subsidiaries, the Company provides reinsurance and insurance to a broad range of customers.
- Renaissance Reinsurance Ltd. (“Renaissance Reinsurance”) is the Company's principal subsidiary and provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.
- The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, principally including Top Layer Reinsurance Ltd. (“Top

Layer Re'') and Starbound Holdings Ltd. (''Starbound''), both recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. (''DaVinci''). The Company owns a minority equity interest in, but controls a majority of the outstanding voting power of, DaVinci's parent, DaVinciRe Holdings Ltd. (''DaVinciRe''). The results of DaVinci and DaVinciRe are consolidated in the Company's financial statements. Minority interests represent the interests of external parties with respect to the net income (loss) and shareholders' equity of DaVinciRe. Renaissance Underwriting Managers Ltd., a wholly owned subsidiary, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.

- The Company's Individual Risk operations include direct insurance and quota share reinsurance written through the operating subsidiaries of Glencoe Group Holdings Ltd. (''Glencoe Group''). These operating subsidiaries principally include Stonington Insurance Company (''Stonington''), which writes business on an admitted basis, and Glencoe Insurance Ltd. (''Glencoe'') and Lantana Insurance Ltd. (''Lantana''), which write business on an excess and surplus lines basis, and also provide reinsurance coverage, principally through quota share contracts, which are analyzed on an individual risk basis.

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

7

Table of Contents

2. 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 from reinsurers in excess of various retentions. The Company remains liable to the extent that any third-party reinsurer or other obligor fails to meet its obligations. The earned reinsurance premiums ceded were \$200.6 million and \$191.0 million for the nine months ended September 30, 2006 and 2005, respectively. In addition to loss recoveries, certain of the Company's ceded reinsurance contracts provide for recoveries of additional premiums, reinstatement premiums and for lost no-claims bonuses, which are incurred when losses are ceded to other reinsurance contracts. Total reinsurance recoveries netted against claims and claim expenses incurred for the nine months ended September 30, 2006 were \$27.1 million compared to \$344.4 million for the nine months ended September 30, 2005.
3. Basic earnings per common share is based on weighted average common shares and excludes any dilutive effects of stock options and restricted stock. Diluted earnings per common share assumes the exercise of all dilutive stock options and restricted stock grants. The following tables set forth the computation of basic and diluted earnings per common share:

Three months ended September 30, (in thousands of U.S. dollars, except share and per share data)	2006	2005
Numerator:		
Net income (loss) available (attributable) to common shareholders	\$ 251,112	\$ (287,296)
Denominator:		
Denominator for basic income (loss) per common share –		
Weighted average common shares	71,092,972	70,631,975
	1,021,703	1,207,530

Per common share equivalents of employee stock options and restricted shares

Denominator for diluted income (loss) per common share –		
Adjusted weighted average common shares and assumed conversions*	72,114,675	71,839,505
Basic income (loss) per common share	\$ 3.53	\$ (4.07)
Diluted income (loss) per common share*	\$ 3.48	\$ (4.07)

*In accordance with SFAS 128, diluted earnings per share calculations use weighted average common shares – basic, when in a net loss position.

8

Table of Contents

Nine months ended September 30, (in thousands of U.S. dollars, except share and per share data)	2006	2005
Numerator:		
Net income (loss) available to common shareholders	\$ 560,500	\$ (71,011)
Denominator:		
Denominator for basic income (loss) per common share –		
Weighted average common shares	71,025,512	70,525,061
Per common share equivalents of employee stock options and restricted shares	916,696	1,410,391
Denominator for diluted income (loss) per common share –		
Adjusted weighted average common shares and assumed conversions*	71,942,208	71,935,452
Basic income (loss) per common share	\$ 7.89	\$ (1.01)
Diluted income (loss) per common share*	\$ 7.79	\$ (1.01)

*In accordance with SFAS 128, diluted earnings per share calculations use weighted average common shares – basic, when in a net loss position.

4. The Board of Directors of RenaissanceRe declared, and RenaissanceRe paid, a dividend of \$0.21 per share to shareholders of record on each of March 15, June 15 and September 15, 2006.

The Board of Directors has authorized a share repurchase program of \$150 million. RenaissanceRe's decision to repurchase common shares will depend on, among other matters, the market price of the common shares and capital requirements of RenaissanceRe. The Company did not repurchase any shares under the share repurchase program during the nine months ended September 30, 2006. See "Part II – Other Information – Item 2."

5. Effective January 1, 2006, the Company adopted FASB Statement No. 123 (revised 2004), Share-Based Payment ("FAS 123(R)"), using the modified prospective transition method. Under the modified prospective transition method, compensation cost recognized for the nine months ending September 30, 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested, as of January 1, 2006 based on the grant date fair value estimated in accordance with the original provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation ("FAS 123") and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of FAS 123(R). The adoption of FAS 123(R) did not have a material impact on the Company.

Prior to adopting FAS 123(R), the Company accounted for stock-based compensation under the fair value recognition provisions of FAS 123 with effect from January 1, 2003 for all stock-based employee compensation granted, modified or settled after January 1, 2003 under the prospective method described in FASB Statement No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure. Prior to January 1, 2003, the Company accounted for stock-based employee compensation under the recognition and measurement provisions of APB Opinion Number 25, Accounting for Stock Issued to Employees, and related interpretations.

Stock Compensation Plans

The Company has a stock incentive plan (the “2001 Stock Incentive Plan”) under which all employees of the Company and its subsidiaries may be granted stock options and restricted stock awards. A stock option award under the Company's 2001 Stock Incentive Plan generally allows for the purchase of the Company's common shares at a price that is equal to the five day average closing price of the common shares immediately prior to the date of grant. Options to purchase common shares are granted periodically by the Board of Directors, generally vest over four years

9

Table of Contents

and generally expire ten years from the date of grant. Restricted common shares are granted periodically by the Board of Directors and generally vest ratably over a four or five year period. In addition, awards granted under the Company's prior 1993 stock incentive plan remain outstanding, with terms similar to the 2001 Stock Incentive Plan. The Company has also established a Non-Employee Director Stock Incentive Plan to issue stock options and shares of restricted stock to the Company's non-employee directors.

The Company's 2001 Stock Incentive Plan also allows for the issuance of share-based awards, the issuance of restricted common shares and the issuance of reload options for shares tendered in connection with option exercises. For purposes of determining the number of shares reserved for issuance under the 2001 Stock Plan, shares tendered to or withheld by the Company in connection with certain option exercises will again be available for issuance.

In August 2004, the Company's shareholders approved the RenaissanceRe Holdings Ltd. 2004 Stock Option Incentive Plan (the “Premium Option Plan”) under which 6.0 million common shares were reserved for issuance upon the exercise of options granted under the Premium Option Plan. As described in the Company's Proxy Statement relating to the required shareholder vote, filed with the Securities and Exchange Commission (“SEC”) in July 2004, the Premium Option Plan provides for, among other things, mandatory premium pricing such that options can generally only be issued thereunder with a strike price at a minimum of 150% of the fair market value on the date of grant, minimum 4-year cliff vesting (subject to waiver by the compensation committee of the Board of Directors), and no discretionary repricing. The Premium Option Plan includes a dividend protection feature that reduces the strike price for extraordinary dividends and a change in control feature that reduces the strike price based on a pre-established formula in the event of a change in control. Grantees under the Premium Option Plan must satisfy performance criteria which are determined by the Company's Compensation Committee. Other terms are substantially similar to the 2001 Stock Incentive Plan.

Valuation Assumptions

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average-assumptions:

	Stock Options			
	Three months ended September		Nine months ended September	
	30,	30,	30,	30,
	2006	2005	2006	2005
Volatility	23%	23%	24%	23%
Term (in years)	5	6	5	6
Dividend yield	1.7%	1.6%	1.9%	1.6%
Risk-free interest rate	5.0%	3.9%	4.7%	4.0%

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

Expected Term: The expected term is estimated by looking at historical experience of similar awards, giving consideration to the contractual terms of the award, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its stock option awards.

Expected Dividend Yield: The expected dividend yield is estimated by reviewing the most recent dividend declared by the Board of Directors.

Risk-Free Interest Rate: The risk free rate is estimated based on the yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the stock option grants.

The fair value of restricted shares is determined based on the market value of the Company's shares on the grant date.

Under the fair value recognition provisions of FAS 123(R), the estimated fair value of employee stock options and other share-based payments, net of estimated forfeitures, is amortized as an

10

Table of Contents

expense over the requisite service period. When estimating forfeitures, the Company considers its historical forfeitures as well as expectations about employee behavior. The Company currently uses an 8% forfeiture rate.

Summary of Stock Compensation Activity:

The following is a summary of activity under the Company's existing stock compensation plans for the nine months ended September 30, 2006:

2001 Stock Incentive and Non-Employee Director Stock Incentive Plans

Weighted options outstanding	Weighted average exercise	Fair value of	Weighted average remaining	Aggregate intrinsic value	Range of exercise prices
------------------------------------	---------------------------------	---------------------	----------------------------------	---------------------------------	--------------------------------

Edgar Filing: RENAISSANCERE HOLDINGS LTD - Form 10-Q

		price	options	contractual life		
Balance, December 31, 2005	3,151,180	\$35.44				
Options granted	841,482	42.86	\$10.33			\$42.66 – \$44.30
Options forfeited	(18,716)	51.02				
Options expired	(2,470)	53.96				
Options exercised	(1,800)	12.83			\$ 60,696	
Balance, March 31, 2006	3,969,676	36.94		6.7	\$32,176,311	\$11.09 – \$53.96
Total options exercisable at March 31, 2006	2,205,436	\$31.85		4.6	\$28,613,371	\$11.98 – \$52.64
Balance, March 31, 2006	3,969,676	\$36.94				
Options granted	—	—				
Options forfeited	(71,201)	48.12				
Options expired	—	—				
Options exercised	(1,500)	39.07			\$ 6,360	
Balance, June 30, 2006	3,896,975	36.74		6.4	\$47,806,400	\$11.09 – \$53.96
Total options exercisable at June 30, 2006	2,259,565	\$32.19		4.4	\$37,911,496	\$11.98 – \$52.62
Balance, June 30, 2006	3,896,975	\$36.74				
Options granted	140,476	49.11	\$12.22			\$47.98 – \$51.16
Options forfeited	—	—				
Options expired	(42,053)	52.87				
Options exercised	(527,388)	31.14			\$ 9,780,525	
Balance, September 30, 2006	3,468,010	37.89		6.7	\$61,411,891	\$11.09 – \$53.96
Total options exercisable at September 30, 2006	1,690,124	\$32.00		4.4	\$39,889,952	\$12.00 – \$53.96

11

Table of Contents

Premium Option Plan

	Weighted options outstanding	Weighted average exercise price	Fair value of options	Weighted average remaining contractual life	Aggregate intrinsic value	Range of exercise prices
Balance, December 31, 2005	5,174,000	\$80.15				
Options granted	—	—				
Options forfeited	—	—				
Options expired	—	—				
Options exercised	—	—				

Edgar Filing: RENAISSANCERE HOLDINGS LTD - Form 10-Q

Balance, March 31, 2006	5,174,000	\$80.15	8.5	\$ —	\$73.06 – \$98.98
Total options exercisable at March 31, 2006	2,500,000	\$86.61	8.4	\$ —	\$74.24 – \$98.98
Balance, March 31, 2006	5,174,000	\$80.15			
Options granted	—	—			
Options forfeited	(700,000)	—			
Options expired	—	—			
Options exercised	—	—			
Balance, June 30, 2006	4,474,000	\$81.07	8.2	\$ —	\$73.06 – \$98.98
Total options exercisable at June 30, 2006	2,500,000	\$86.61	8.2	\$ —	\$74.24 – \$98.98
Balance, June 30, 2006	4,474,000	\$81.07			
Options granted	—	—			
Options cancelled	(700,000)	—			
Options expired	—	—			
Options exercised	—	—			