

PLATINUM UNDERWRITERS HOLDINGS LTD
Form 10-Q
April 30, 2010

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 March 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-31341

Platinum Underwriters Holdings, Ltd.
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

98-0416483
(I.R.S. Employer Identification
No.)

The Belvedere Building
69 Pitts Bay Road
Pembroke, Bermuda
(Address of principal executive
offices)

HM 08
(Zip Code)

(441) 295-7195
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Edgar Filing: PLATINUM UNDERWRITERS HOLDINGS LTD - Form 10-Q

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company

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

The registrant had 45,052,361 common shares, par value \$0.01 per share, outstanding as of April 26, 2010.

PLATINUM UNDERWRITERS HOLDINGS, LTD.
 QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2010

TABLE OF CONTENTS

	Page	
PART I – FINANCIAL INFORMATION		
Item 1.	Financial Statements	
	Consolidated Balance Sheets as of March 31, 2010 (Unaudited) and December 31, 2009	1
	Consolidated Statements of Operations and Comprehensive Income for the Three Months Ended March 31, 2010 and 2009 (Unaudited)	2
	Consolidated Statements of Changes in Shareholders' Equity for the Three Months Ended March 31, 2010 and 2009 (Unaudited)	3
	Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2010 and 2009 (Unaudited)	4
	Notes to the Consolidated Financial Statements for the Three Months Ended March 31, 2010 and 2009 (Unaudited)	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	26
Item 4.	Controls and Procedures	27
PART II – OTHER INFORMATION		
Item 1A.	Risk Factors	27
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 6.	Exhibits	28
SIGNATURES		29

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Consolidated Balance Sheets
(amounts in thousands, except share data)

	(Unaudited)	
	March 31, 2010	December 31, 2009
ASSETS		
Investments:		
Fixed maturity available-for-sale securities at fair value (amortized cost – \$3,634,364 and \$3,590,081, respectively)	\$ 3,613,211	\$ 3,514,052
Fixed maturity trading securities at fair value (amortized cost – \$129,166 and \$136,426, respectively)	136,072	142,566
Preferred stocks (cost – \$1,879 and \$1,879, respectively)	4,771	3,897
Short-term investments	228,732	26,350
Total investments	3,982,786	3,686,865
Cash and cash equivalents	533,042	682,784
Accrued investment income	32,031	29,834
Reinsurance premiums receivable	320,724	269,912
Reinsurance recoverable on ceded losses and loss adjustment expenses	19,052	19,240
Prepaid reinsurance premiums	8,973	10,470
Funds held by ceding companies	85,695	84,478
Deferred acquisition costs	43,381	40,427
Deferred tax assets	53,873	63,093
Other assets	14,473	134,475
Total assets	\$ 5,094,030	\$ 5,021,578
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Unpaid losses and loss adjustment expenses	\$ 2,378,253	\$ 2,349,336
Unearned premiums	205,606	180,609
Debt obligations	250,000	250,000
Commissions payable	96,451	90,461
Other liabilities	80,076	73,441
Total liabilities	3,010,386	2,943,847
Shareholders' Equity		
Common shares, \$.01 par value, 200,000,000 shares authorized, 44,721,561 and 45,942,639 shares issued and outstanding, respectively	447	459
Additional paid-in capital	829,712	883,425
Accumulated other comprehensive loss	(22,133)	(70,005)
Retained earnings	1,275,618	1,263,852
Total shareholders' equity	2,083,644	2,077,731

Total liabilities and shareholders' equity	\$	5,094,030	\$	5,021,578
--	----	-----------	----	-----------

See accompanying Notes to the Consolidated Financial Statements.

- 1 -

Platinum Underwriters Holdings, Ltd. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Unaudited)
For the Three Months Ended March 31, 2010 and 2009
(amounts in thousands, except per share data)

	2010	2009
Revenue:		
Net premiums earned	\$220,178	\$247,752
Net investment income	37,505	34,246
Net realized gains on investments	5,457	20,570
Total other-than-temporary impairment losses	(12,638)	(12,411)
Portion of impairment losses recognized in accumulated other comprehensive loss	(5,464)	9,003
Net impairment losses on investments	(18,102)	(3,408)
Other income	273	232
Total revenue	245,311	299,392
Expenses:		
Net losses and loss adjustment expenses	164,568	144,164
Net acquisition expenses	37,329	40,156
Net changes in fair value of derivatives	2,315	2,417
Operating expenses	21,741	20,868
Net foreign currency exchange (gains) losses	(1,229)	996
Interest expense	4,760	4,755
Total expenses	229,484	213,356