RENAISSANCERE HOLDINGS LTD
Form 10-Q
November 06, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
Q QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2014
OR
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 No. 001-14428
RENAISSANCERE HOLDINGS LTD.
(Exact Name Of Registrant As Specified In Its Charter)

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

Renaissance House, 12 Crow Lane, Pembroke HM 19 Bermuda
(Address of Principal Executive Offices)
(441) 295-4513
(Registrant’s telephone number)

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 Q No o

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 Q 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, as defined in Rule 12b-2 of the Act. Large accelerated filer Q, Accelerated filer o, Non-accelerated filer o, Smaller reporting company o

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

The number of Common Shares, par value US $1.00 per share, outstanding at November 3, 2014 was 38,529,054.

RENAISSANCERE HOLDINGS LTD.
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NOTE ON FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

In particular, statements using words such as "may", "should", "estimate", "expect", "anticipate", "intends", "believe", "predic "potential", or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates. This Form 10-Q also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the reinsurance and insurance industries.

In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those addressed by the forward-looking statements, including the following:

- we are exposed to significant losses from catastrophic events and other exposures that we cover, which we expect to cause significant volatility in our financial results from time to time;
- the inherent uncertainties in our reserving process, particularly as regards to large catastrophic events and longer tail casualty lines, the uncertainties of which we expect to increase as our product and geographical diversity increases;
- the frequency and severity of catastrophic and other events which we cover could exceed our estimates and cause losses greater than we expect;
- the risk of the lowering or loss of any of the financial strength, claims paying or enterprise wide risk management ratings of RenaissanceRe Holdings Ltd. ("RenaissanceRe") or of one or more of our subsidiaries or joint ventures or changes in the policies or practices of the rating agencies;
- risks associated with appropriately modeling, pricing for, and contractually addressing new or potential factors in loss emergence, such as the trend toward potentially significant global warming and other aspects of climate change which have the potential to adversely affect our business, any of which could cause us to underestimate our exposures and potentially adversely impact our financial results;
- the risk we might be bound to policyholder obligations beyond our underwriting intent, or unable to enforce our own intent in respect of retrocessional arrangements, including in each case due to emerging claims and coverage issues;
- risks due to our increasing reliance on a small and decreasing number of reinsurance brokers and other distribution services for the preponderance of our revenue;
- risks relating to operating in a highly competitive environment, which we expect to continue to increase over time from new competition from traditional and non-traditional participants, particularly as capital markets products provide alternatives and replacements for more traditional reinsurance and insurance products, as new entrants or existing competitors attempt to replicate our business model, and as a result of consolidation in the (re)insurance industry;
- risks relating to deteriorating market conditions, including the risks of decreasing revenues, margins, capital efficiency and returns;

- the risk that our customers may fail to make premium payments due to us, as well as the risk of failures of our reinsurers, brokers or other counterparties to honor their obligations to us, including as regards to large catastrophic events, and also including their obligations to make third party payments for which we might be liable;
- a contention by the Internal Revenue Service that Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), or any of our other Bermuda subsidiaries, is subject to U.S. taxation;
- other risks relating to potential adverse tax developments, including potential changes to the taxation of inter-company or related party transactions, or potential changes to the tax treatment of investors in RenaissanceRe or our joint ventures or other entities we manage;
- risks relating to adverse legislative developments that could reduce the size of the private markets we serve, or impede their future growth, including proposals to shift United States ("U.S.") catastrophe risks to federal mechanisms; similar proposals at the state level in the U.S., including the risk of legislation in Florida to expand the reinsurance coverage offered by the Florida Hurricane Catastrophe Fund ("FHCF") and the insurance policies written by Citizens Property Insurance Corporation ("Citizens"), or failing to implement reforms to reduce such coverage; risks of adverse legislation in relation to U.S. flood insurance or the failure to implement reform legislation; and the risk that new legislation will be enacted in the international markets we serve which might reduce market opportunities in the private sector, weaken our customers or otherwise adversely impact us;
- risks associated with our investment portfolio, including the risk that our investment assets may fail to yield attractive or even positive results; and the risk that investment managers may breach our investment guidelines, or the inability of such guidelines to mitigate investment risks;
- risks associated with implementing our business strategies and initiatives, including risks related to strategic transactions, developing or enhancing the operations, controls and other infrastructure necessary in respect of our more recent, new or proposed initiatives, and the risk that we may fail to succeed in our business or financing plans for these initiatives;
- risks that certain of our new or potentially expanding business lines could have a significant negative impact on our financial results or cause significant volatility in our results for any particular period;
- risks associated with potential for loss of services of any one of our key senior officers, the risk that we fail to attract or retain the executives and employees necessary to manage our business, and difficulties associated with the transition of members of our senior management team for new or expanded roles necessary to execute our strategic and tactical plans;
- risks relating to the inability, or delay, in the claims paying ability of Citizens, FHCF or of private market participants in Florida, particularly following a large windstorm or of multiple smaller storms, which we believe would weaken or destabilize the Florida market and give rise to an unpredictable range of impacts which might be adverse to us, perhaps materially so;
- risks associated with the management of our operations as our product and geographical diversity increases, including the potential inability to allocate sufficient resources to our strategic and tactical plans or to address additional industry or regulatory developments and requirements;
- changes in economic conditions, including interest rate, currency, equity and credit conditions which could affect our investment portfolio or declines in our investment returns for other reasons which could reduce our profitability and hinder our ability to pay claims promptly in accordance with our strategy, which risks we believe are currently enhanced in light of the current macroeconomic uncertainty and the recent period of relative economic weakness, both globally, particularly in respect of Eurozone countries and companies, and in the U.S.;
- risks associated with highly subjective judgments, such as valuing our more illiquid assets, and determining the impairments taken on our investments, all of which impact our reported financial position and operating results;
- risks associated with our retrocessional reinsurance protection, including the risks that the coverages and protections we seek may become unavailable or only available on unfavorable terms, that the forms of retrocessional protection available in the market on acceptable terms may give rise to more risk in our net portfolio than we find desirable or that we correctly identify, or that we are otherwise

unable to cede our own assumed risk to third parties; and the risk that providers of protection do not meet their obligations to us or do not do so on a timely basis;

- risks associated with inflation, which could cause loss costs to increase, and impact the performance of our investment portfolio, thereby adversely impacting our financial position or operating results;
- operational risks, including system or human failures, which risks could result in our incurring material losses;
- risks in connection with our management of capital on behalf of investors in joint ventures or other entities we manage, such as failing to comply with complex laws and regulations relating to the management of such capital or the potential rights of third party investors, which failure could result in our incurring significant liabilities, penalties or other losses;
- risks that we may require additional capital in the future, particularly after a catastrophic event or to support potential growth opportunities in our business, which may not be available or may be available only on unfavorable terms;
- risks relating to our potential failure to comply with covenants in our debt agreements, which failure could provide our lenders the right to accelerate our debt which would adversely impact us;
- the risk of potential challenges to the claim of exemption from insurance regulation of RenaissanceRe and certain of our subsidiaries in certain jurisdictions under certain current laws and the risk of increased global regulation of the insurance and reinsurance industry;
- risks relating to the inability of our operating subsidiaries to declare and pay dividends, which could cause us to be unable to pay dividends to our shareholders or to repay our indebtedness;
- the risk that there could be regulatory or legislative changes adversely impacting us, as a Bermuda-based company, relative to our competitors, or actions taken by multinational organizations having such an impact;
- risks arising out of possible changes in the distribution or placement of risks due to increased consolidation of customers or insurance and reinsurance brokers; and
- risks relating to changes in regulatory regimes and/or accounting rules, which could result in significant changes to our financial results, including but not limited to, the European Union directive concerning capital adequacy, risk management and regulatory reporting for insurers.

The factors listed above should not be construed as exhaustive. Certain of these risk factors and others are described in more detail from time to time in our filings with the U.S. Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K (“Form 10-K”) for the year ended December 31, 2013. We undertake no obligation to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Balance Sheets
(in thousands of United States Dollars, except per share amounts)

Assets	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Fixed maturity investments trading, at fair value (Amortized cost $4,735,061 and $4,781,712 at September 30, 2014 and December 31, 2013, respectively)	$4,750,766	$4,809,036
Fixed maturity investments available for sale, at fair value (Amortized cost $24,664 and $30,273 at September 30, 2014 and December 31, 2013, respectively)	28,069	34,241
Short term investments, at fair value	1,031,143	1,044,779
Equity investments trading, at fair value	301,714	254,776
Other investments, at fair value	501,487	573,264
Investments in other ventures, under equity method	118,245	105,616
Total investments	6,731,424	6,821,712
Cash and cash equivalents	300,547	408,032
Premiums receivable	630,718	474,087
Prepaid reinsurance premiums	195,978	66,132
Reinsurance recoverable	79,043	101,025
Accrued investment income	25,514	34,065
Deferred acquisition costs	130,108	81,684
Receivable for investments sold	147,206	75,845
Other assets	108,443	108,438
Goodwill and other intangible assets	7,954	8,111
Total assets	$8,356,935	$8,179,131
Liabilities, Noncontrolling Interests and Shareholders’ Equity		
Liabilities		
Reserve for claims and claim expenses	$1,532,780	$1,563,730
Unearned premiums	758,272	477,888
Debt	249,499	249,430
Reinsurance balances payable	501,155	293,022
Payable for investments purchased	284,295	193,221
Other liabilities	203,908	397,596
Total liabilities	3,529,909	3,174,887
Commitments and Contingencies		
Redeemable noncontrolling interest	1,091,166	1,099,860
Shareholders’ Equity		
Preference shares: $1.00 par value – 16,000,000 shares issued and outstanding at September 30, 2014 (December 31, 2013 – 16,000,000)	400,000	400,000
Common shares: $1.00 par value – 38,887,563 shares issued and outstanding at September 30, 2014 (December 31, 2013 – 43,646,436)	38,888	43,646
Accumulated other comprehensive income	3,829	4,131
Retained earnings	3,293,143	3,456,607
Total shareholders’ equity attributable to RenaissanceRe	3,735,860	3,904,384
Total liabilities, noncontrolling interests and shareholders’ equity	$8,356,935	$8,179,131

See accompanying notes to the consolidated financial statements

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RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Operations
For the three and nine months ended September 30, 2014 and 2013
(in thousands of United States Dollars, except per share amounts) (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenues				
Gross premiums written	$200,992	$182,649	$1,417,792	$1,521,290
Net premiums written	$159,713	$127,241	$956,467	$1,123,163
Decrease (increase) in unearned premiums	99,266	167,476	(150,538)	(265,302)
Net premiums earned	258,979	294,717	805,929	857,861
Net investment income	24,941	59,931	98,430	129,296
Net foreign exchange gains	5,036	488	6,367	170
Equity in earnings of other ventures	9,806	7,313	21,237	16,920
Other (loss) income	(1,169)	651	(1,642)	(2,186)
Net realized and unrealized (losses) gains on investments	(31,097)	28,472	10,958	(26,788)
Total revenues	266,496	391,572	941,279	975,273
Expenses				
Net claims and claim expenses incurred	69,647	60,928	209,950	192,141
Acquisition expenses	37,550	37,699	104,727	94,475
Operational expenses	46,972	44,672	135,437	133,447
Corporate expenses	3,905	4,307	12,404	30,318
Interest expense	4,290	4,298	12,875	13,632
Total expenses	162,364	151,904	475,393	464,013
Income from continuing operations before taxes	104,132	239,668	465,886	511,260
Income tax expense	(245)	(223)	(207)	(356)
Income from continuing operations	103,887	239,445	465,679	510,904
(Loss) income from discontinued operations	—	(9,779)	—	2,422
Net income	103,887	229,666	465,679	513,326
Net income attributable to noncontrolling interests	(30,477)	(44,331)	(109,323)	(96,953)
Net income attributable to RenaissanceRe	73,410	185,335	356,356	416,373
Dividends on preference shares	(5,595)	(5,595)	(16,786)	(19,353)
Net income available to RenaissanceRe common shareholders	$67,815	$179,740	$339,570	$397,020
Income from continuing operations available to RenaissanceRe common shareholders per common share – basic	$1.72	$4.32	$8.38	$8.95
(Loss) income from discontinued operations (attributable) available to RenaissanceRe common shareholders per common share – basic	—	(0.23)	—	0.06
Net income available to RenaissanceRe common shareholders per common share – basic	$1.72	$4.09	$8.38	$9.01
Income from continuing operations available to RenaissanceRe common shareholders per common share – diluted	$1.70	$4.23	$8.26	$8.79
(Loss) income from discontinued operations (attributable) available to RenaissanceRe common	—	(0.22)	—	0.05

shareholders per common share – diluted				
Net income available to RenaissanceRe common shareholders per common share – diluted	$1.70	$4.01	$8.26	$8.84
Dividends per common share	$0.29	$0.28	$0.87	$0.84

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three and nine months ended September 30, 2014 and 2013
(in thousands of United States Dollars) (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Comprehensive income				
Net income	$103,887	$229,666	$465,679	$513,326
Change in net unrealized gains on investments	(89)	(343)	(302)	(9,056)
Comprehensive income	103,798	229,323	465,377	504,270
Net income attributable to noncontrolling interests	(30,477)	(44,331)	(109,323)	(96,953)
Comprehensive income attributable to noncontrolling interests	(30,477)	(44,331)	(109,323)	(96,953)
Comprehensive income attributable to RenaissanceRe	$73,321	$184,992	$356,054	$407,317
Disclosure regarding net unrealized gains				
Total net realized and unrealized holding (gains) losses on investments and net other-than-temporary impairments	$(89)	$25	$(302)	$(1,508)
Net realized gains on fixed maturity investments available for sale	—	(368)	—	(7,548)
Change in net unrealized gains on investments	$(89)	$(343)	$(302)	$(9,056)

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2014 and 2013
(in thousands of United States Dollars) (Unaudited)

	Nine months ended September 30, 2014	September 30, 2013
Preference shares		
Balance – January 1	$400,000	$400,000
Issuance of shares	—	275,000
Repurchase of shares	—	(275,000)
Balance – September 30	400,000	400,000
Common shares		
Balance – January 1	43,646	45,542
Repurchase of shares	(4,996)	(1,722)
Exercise of options and issuance of restricted stock awards	238	571
Balance – September 30	38,888	44,391
Additional paid-in capital		
Balance – January 1	—	—
Repurchase of shares	(5,359)	3,019
Offering expenses	—	(9,345)
Change in noncontrolling interests	1,118	622
Exercise of options and issuance of restricted stock awards	4,241	5,704
Balance – September 30	—	—
Accumulated other comprehensive income		
Balance – January 1	4,131	13,622
Change in net unrealized gains on investments	(302)	(9,056)
Balance – September 30	3,829	4,566
Retained earnings		
Balance – January 1	3,456,607	3,043,901
Net income	465,679	513,326
Net income attributable to noncontrolling interests	(109,323)	(96,953)
Repurchase of shares	(468,200)	(142,208)
Dividends on common shares	(34,834)	(36,956)
Dividends on preference shares	(16,786)	(19,353)
Balance – September 30	3,293,143	3,261,757
Noncontrolling interest	—	3,720
Total shareholders' equity	$3,735,860	$3,714,434

See accompanying notes to the consolidated financial statements

RenaissanceRe Holdings Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2014 and 2013
(in thousands of United States Dollars) (Unaudited)

	Nine months ended	
	September 30, 2014	September 30, 2013
Cash flows provided by operating activities		
Net income	$465,679	$513,326
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization, accretion and depreciation	30,270	42,423
Equity in undistributed earnings of other ventures	(16,519)	(12,048)
Net realized and unrealized (gains) losses on investments	(10,958)	26,806
Net unrealized gains included in net investment income	(2,908)	(33,836)
Net unrealized (gains) losses included in other (loss) income	(264)	12,782
Change in:		
Premiums receivable	(156,631)	(244,572)
Prepaid reinsurance premiums	(129,846)	(89,258)
Reinsurance recoverable	21,982	43,311
Deferred acquisition costs	(48,424)	(51,222)
Reserve for claims and claim expenses	(30,950)	(195,668)
Unearned premiums	280,384	354,560
Reinsurance balances payable	208,133	68,569
Other	(216,559)	(49,375)
Net cash provided by operating activities	393,389	385,798
Cash flows provided by (used in) investing activities		
Proceeds from sales and maturities of fixed maturity investments trading	5,896,330	6,356,691
Purchases of fixed maturity investments trading	(5,843,501)	(6,449,697)
Proceeds from sales and maturities of fixed maturity investments available for sale	6,076	43,564
Net purchases of equity investments trading	(33,925)	(33,714)
Net sales (purchases) of short term investments	21,578	(118,126)
Net sales of other investments	74,706	198,101
Net sales (purchases) of investments in other ventures	1,030	(2,500)
Net sales (puchases) of other assets	6,000	(994)
Net cash provided by (used in) investing activities	128,294	(6,675)
Cash flows used in financing activities		
Dividends paid – RenaissanceRe common shares	(34,834)	(36,956)
Dividends paid – preference shares	(16,786)	(19,353)
RenaissanceRe common share repurchases	(475,343)	(140,911)
Net repayment of debt	—	(100,847)
Redemption of 6.08% Series C preference shares	—	(125,000)
Redemption of 6.60% Series D preference shares	—	(150,000)
Issuance of 5.375% Series E preference shares, net of expenses	—	265,655
Net third party redeemable noncontrolling interest share transactions	(107,091)	(103,628)
Net cash used in financing activities	(634,054)	(411,040)
Effect of exchange rate changes on foreign currency cash	4,886	3,366
Net decrease in cash and cash equivalents	(107,485)	(28,551)
Net increase in cash and cash equivalents of discontinued operations	—	(9,244)
Cash and cash equivalents, beginning of period	408,032	304,145

Cash and cash equivalents, end of period	$300,547	$266,350

See accompanying notes to the consolidated financial statements

RENAISSANCERE HOLDINGS LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2014
(unless otherwise noted, amounts in tables expressed in thousands of United States ("U.S.") dollars, except per share amounts and percentages) (Unaudited)

NOTE 1. ORGANIZATION

This report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K ("Form 10-K") for the fiscal year ended December 31, 2013.

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

- Renaissance Reinsurance Ltd. ("Renaissance Reinsurance"), the Company's principal reinsurance subsidiary, provides property catastrophe and specialty reinsurance coverages to insurers and reinsurers on a worldwide basis.
- The Company also manages property catastrophe and specialty reinsurance business written on behalf of joint ventures, which principally include Top Layer Reinsurance Ltd. ("Top Layer Re"), recorded under the equity method of accounting, and DaVinci Reinsurance Ltd. ("DaVinci"). Because the Company owns a noncontrolling equity interest in, but controls a majority of the outstanding voting power of DaVinci's parent, DaVinciRe Holdings Ltd. ("DaVinciRe"), the results of DaVinci and DaVinciRe are consolidated in the Company's financial statements. Redeemable noncontrolling interest - DaVinciRe represents the interests of external parties with respect to the net income and shareholders' equity of DaVinciRe. Renaissance Underwriting Managers, Ltd. ("RUM"), a wholly owned subsidiary, acts as exclusive underwriting manager for these joint ventures in return for fee-based income and profit participation.
- RenaissanceRe Syndicate 1458 ("Syndicate 1458") is the Company's Lloyd's syndicate. RenaissanceRe Corporate Capital (UK) Limited ("RenaissanceRe CCL"), a wholly owned subsidiary of RenaissanceRe, is Syndicate 1458's sole corporate member and RenaissanceRe Syndicate Management Ltd. ("RSML"), a wholly owned subsidiary of RenaissanceRe, is the managing agent for Syndicate 1458.
- RenaissanceRe Specialty Risks Ltd. ("RenaissanceRe Specialty Risks"), is a Bermuda-domiciled reinsurance and excess and surplus lines insurance company that is listed on the National Association of Insurance Commissioners' International Insurance Department's Quarterly List of Alien Insurers as an eligible surplus lines insurer. RenaissanceRe Underwriting Managers U.S. LLC ("RenaissanceRe Underwriting Managers U.S."), a specialty reinsurance agency domiciled in Connecticut, provides specialty treaty reinsurance solutions on both a quota share and excess of loss basis; and writes business on behalf of RenaissanceRe Specialty U.S. Ltd. ("RenaissanceRe Specialty U.S."), a Bermuda-domiciled reinsurer launched in June 2013 which operates subject to U.S. federal income tax, and Syndicate 1458.
- Effective January 1, 2013, the Company formed and launched a managed joint venture, Upsilon Reinsurance II Ltd. ("Upsilon Re II"), a Bermuda domiciled special purpose insurer ("SPI"), to provide additional capacity to the worldwide aggregate and per-occurrence primary and retrocessional property catastrophe excess of loss market. Effective December 11, 2013, Upsilon Re II was renamed Upsilon Reinsurance Fund Opportunities Ltd. ("Upsilon RFO"). Upsilon RFO is considered a variable interest entity ("VIE") and the Company is considered the primary beneficiary. As a result, Upsilon RFO is consolidated by the Company and all significant inter-company transactions have been eliminated.
- RenaissanceRe Medici Fund Ltd. ("Medici") is an exempted fund, incorporated under the laws of Bermuda. Medici's 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. Third-party investors have subscribed for a portion of the participating, non-voting common shares of

Medici. Because the Company owns a noncontrolling equity interest in, but controls all of the outstanding voting power of Medici, the results of Medici are consolidated in the Company's financial statements. Redeemable noncontrolling interest - Medici represents the interests of external parties with respect to the net income and shareholders' equity of Medici.

- On August 30, 2013, RenaissanceRe entered into a purchase agreement with a subsidiary of Munich-American Holding Corporation (together with applicable affiliates, "Munich") to sell the Company's U.S.-based weather and weather-related energy risk management unit, which principally included RenRe Commodity Advisors LLC ("RRCA"), Renaissance Trading Ltd. ("Renaissance Trading") and RenRe Energy Advisors Ltd. (collectively referred to as "REAL"). REAL offered certain derivative-based risk management products primarily to address weather and energy risk and engaged in hedging and trading activities related to those transactions. On October 1, 2013, RenaissanceRe closed the sale of REAL to Munich. In the third quarter of 2013, the Company classified the assets and liabilities associated with this transaction as held for sale. The financial results for these operations have been presented in the Company's consolidated financial statements as "discontinued operations" for all periods presented. Refer to "Note 3. Discontinued Operations", for more information.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the Company's significant accounting policies as described in its Form 10-K for the year ended December 31, 2013, except as noted below.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States ("GAAP") for interim financial information and in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these statements. Except as discussed in "Note 3. Discontinued Operations," and unless otherwise noted, the notes to the consolidated financial statements reflect the Company's continuing operations.

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.

USE OF ESTIMATES IN FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The major estimates reflected in the Company's consolidated financial statements include, but are not limited to, the reserve for claims and claim expenses; reinsurance recoverables, including allowances for reinsurance recoverables deemed uncollectible; estimates of written and earned premiums; fair value, including the fair value of investments, financial instruments and derivatives; impairment charges and the Company's deferred tax valuation allowance.

DISCONTINUED OPERATIONS

The results of operations of REAL, which has been sold to an unaffiliated third party, is classified as held for sale and reported as discontinued operations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic Discontinued Operations. The consolidated financial statements and notes thereto are presented excluding the operations and cash flows of the discontinued operations from the continuing operations of the Company since the Company will not have any significant continuing involvement in the operations after the sale. The financial position and results of operations of discontinued operations are presented as single line items on the consolidated balance sheets and statements of operations, respectively. Certain prior year comparatives have been reclassified to conform to the current year presentation.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (“ASU 2013-11”). The objective of ASU 2013-11 is to improve the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. ASU 2013-11 seeks to reduce the diversity in practice by providing guidance on the presentation of unrecognized tax benefits to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. ASU 2013-11 became effective for annual and interim reporting periods beginning after December 15, 2013. The Company prospectively adopted ASU 2013-11 effective January 1, 2014 and the adoption of this guidance did not have a material impact on the Company’s consolidated statements of operations and financial position.

Financial Services - Investment Companies (Topic 946) Amendments to the Scope, Measurement, and Disclosure Requirements

In June 2013, the FASB issued ASU No. 2013-08, Amendments to the Scope, Measurement, and Disclosure Requirements (“ASU 2013-08”). The objective of ASU 2013-08 is to change the approach to the investment company assessment, clarify the characteristics of an investment company and provide comprehensive guidance for assessing whether an entity is an investment company. In addition, ASU 2013-08 will require an investment company to measure noncontrolling ownership interests in other investment companies at fair value rather than using the equity method of accounting and require the following additional disclosures: (a) the fact that the entity is an investment company and is applying the guidance, (b) information about changes, if any, in an entity’s status as an investment company, and (c) information about financial support provided or contractually required to be provided by an investment company to any of its investees. ASU 2013-08 became effective for annual and interim reporting periods beginning after December 15, 2013. The Company prospectively adopted ASU 2013-08 effective January 1, 2014 and the adoption of this guidance did not have a material impact on the Company’s consolidated statements of operations and financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (“ASU 2014-08”). The objective of ASU 2014-08 is to improve the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity’s operations and financial results. ASU 2014-08 will also require expanded disclosures for discontinued operations and require an entity to disclose the pretax profit or loss of an individually significant component of an entity that does not qualify for discontinued operations reporting. ASU 2014-08 is prospectively effective for public business entities in annual periods beginning on or after December 15, 2014, and interim periods beginning on or after December 15, 2015. Entities may early adopt ASU 2014-08 for new disposals that have not been reported in the consolidated financial statements previously issued or available for issuance. The Company is currently evaluating the impact of this guidance; however, it is not expected to have a material impact on the Company’s consolidated statements of operations and financial position.

NOTE 3. DISCONTINUED OPERATIONS
REAL
On August 30, 2013, RenaissanceRe entered into a purchase agreement with Munich to sell REAL and, on October 1, 2013, RenaissanceRe closed the sale of REAL to Munich. In the third quarter of 2013, the Company classified the assets and liabilities associated with this transaction as held for sale and the financial results are reflected in the Company's consolidated financial statements as "discontinued operations." Consideration for the transaction was $60.0 million, paid in cash at closing, subject to post-closing adjustments for certain tax and other items. The Company recorded a loss on sale of $8.8 million in the third quarter of 2013 in conjunction with the sale, including related direct expenses.
Except as explicitly described as held for sale or as discontinued operations, and unless otherwise noted, all discussions and amounts presented herein relate to the Company's continuing operations. All prior periods presented have been reclassified to conform to this form of presentation.
The Company did not have any assets, liabilities or shareholder's equity of discontinued operations held for sale related to REAL at September 30, 2014 or December 31, 2013.
Details of the income from discontinued operations for the three and nine months ended September 30, 2014 and 2013 are as follows and relate entirely to REAL:

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenues				
Net investment (loss) income	$—	$(3)	$—	$1,150
Net foreign exchange (losses) gains	—	(140)	—	849
Other (loss) income	—	(1,001)	—	9,471
Net realized and unrealized losses on investments	—	(5)	—	(18)
Total revenues	—	(1,149)	—	11,452
Expenses				
Operational expenses	—	30	—	89
Corporate expenses	—	(2)	—	104
Total expenses	—	28	—	193
Loss on sale of REAL	—	(8,770)	—	(8,770)
(Loss) income before taxes	—	(9,947)	—	2,489
Income tax expense	—	168	—	(67)
(Loss) income from discontinued operations	$—	$(9,779)	$—	$2,422

NOTE 4. INVESTMENTS
Fixed Maturity Investments Trading
The following table summarizes the fair value of fixed maturity investments trading:

	September 30, 2014	December 31, 2013
U.S. treasuries	$1,636,326	$1,352,413
Agencies	120,025	186,050
Non-U.S. government (Sovereign debt)	282,326	334,580
Non-U.S. government-backed corporate	141,159	237,479
Corporate	1,572,168	1,803,415
Agency mortgage-backed	320,584	336,661
Non-agency mortgage-backed	252,241	243,795
Commercial mortgage-backed	397,685	303,214
Asset-backed	28,252	11,429
Total fixed maturity investments trading	$4,750,766	$4,809,036

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

		Included in Accumulated Other Comprehensive Income			
September 30, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Agency mortgage-backed	$4,174	$380	$—	$4,554	$—
Non-agency mortgage-backed	9,999	2,218	(3)	12,214	(677)
Commercial mortgage-backed	7,294	656	—	7,950	—
Asset-backed	3,197	154	—	3,351	—
Total fixed maturity investments available for sale	$24,664	$3,408	$(3)	$28,069	$(677)

		Included in Accumulated Other Comprehensive Income			
December 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit Other-Than-Temporary Impairments (1)
Agency mortgage-backed	$4,880	$378	$(11)	$5,247	$—
Non-agency mortgage-backed	11,735	2,414	(6)	14,143	(742)
Commercial mortgage-backed	10,052	970	—	11,022	—
Asset-backed	3,606	223	—	3,829	—
Total fixed maturity investments available for sale	$30,273	$3,985	$(17)	$34,241	$(742)

(1) Represents the non-credit component of other-than-temporary impairments recognized in accumulated other comprehensive income adjusted for subsequent sales of securities. It does not include the change in fair value subsequent to the impairment measurement date.

Contractual maturities of fixed maturity investments are as follows. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Trading		Available for Sale		Total Fixed Maturity Investments	
September 30, 2014	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$97,830	$97,868	$—	$—	$97,830	$97,868
Due after one through five years	2,951,631	2,949,329	—	—	2,951,631	2,949,329
Due after five through ten years	595,874	593,633	—	—	595,874	593,633
Due after ten years	108,080	111,174	—	—	108,080	111,174
Mortgage-backed	953,480	970,510	21,467	24,718	974,947	995,228
Asset-backed	28,166	28,252	3,197	3,351	31,363	31,603
Total	$4,735,061	$4,750,766	$24,664	$28,069	$4,759,725	$4,778,835

Equity Investments Trading

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

	September 30, 2014	December 31, 2013
Financials	$199,798	$152,905
Communications and technology	32,377	4,300
Industrial, utilities and energy	30,347	25,350
Consumer	18,796	44,115
Healthcare	16,396	15,340
Basic materials	4,000	12,766
Total	$301,714	$254,776

Pledged Investments

At September 30, 2014, $2,115.6 million of cash and investments at fair value were on deposit with, or in trust accounts for the benefit of various counterparties, including with respect to the Company's syndicated letter of credit facility and bilateral letter of credit facility (December 31, 2013 - $2,081.1 million). Of this amount, $685.8 million is on deposit with, or in trust accounts for the benefit of, U.S. state regulatory authorities (December 31, 2013 - $652.8 million).

Reverse Repurchase Agreements

At September 30, 2014, the Company held $18.6 million (December 31, 2013 - $37.3 million) of reverse repurchase agreements. These loans are fully collateralized, are generally outstanding for a short period of time and are presented on a gross basis as part of short term investments on the Company's consolidated balance sheets. The required collateral for these loans typically include high-quality, readily marketable instruments at a minimum rate of 102% of the loan principal. Upon maturity, the Company receives principal and interest income.

Net Investment Income, Net Realized and Unrealized Gains on Investments and Net Other-Than-Temporary Impairments
The components of net investment income are as follows:

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Fixed maturity investments	$24,519	$24,423	$74,751	$71,148
Short term investments	251	563	727	1,318
Equity investments	736	706	2,311	1,050
Other investments				
Hedge funds and private equity investments	(3,320)	14,179	17,337	31,296
Other	5,547	22,735	11,558	32,874
Cash and cash equivalents	116	47	300	108
	27,849	62,653	106,984	137,794
Investment expenses	(2,908)	(2,722)	(8,554)	(8,498)
Net investment income	$24,941	$59,931	$98,430	$129,296

The following table provides an analysis of the components of net realized and unrealized gains on investments.

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Gross realized gains	$7,962	$8,813	$33,595	$60,437
Gross realized losses	(2,720)	(22,241)	(10,871)	(41,396)
Net realized gains on fixed maturity investments	5,242	(13,428)	22,724	19,041
Net unrealized (losses) gains on fixed maturity investments trading	(36,600)	33,405	21,200	(85,338)
Net realized and unrealized (losses) gains on investments-related derivatives	(1,868)	3,557	(19,651)	24,488
Net realized gains on equity investments trading	3,523	560	8,578	18,195
Net unrealized (losses) gains on equity investments trading	(1,394)	4,378	(21,893)	(3,174)
Net realized and unrealized (losses) gains on investments	$(31,097)	$28,472	$10,958	$(26,788)

The following tables provide an analysis of the components of other comprehensive income and reclassifications out of accumulated other comprehensive income.

	Three months ended September 30, 2014		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$211	$3,707	$3,918
Other comprehensive income (loss) before reclassifications	213	(302)	(89)
Ending balance	$424	$3,405	$3,829

	Nine months ended September 30, 2014		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$163	$3,968	$4,131
Other comprehensive income (loss) before reclassifications	261	(563)	(302)
Ending balance	$424	$3,405	$3,829

	Three months ended September 30, 2013		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$218	$4,691	$4,909
Other comprehensive (loss) income before reclassifications	(91)	116	25
Amounts reclassified from accumulated other comprehensive income by statement of operations line item:			
Realized gains reclassified from accumulated other comprehensive income to net realized and unrealized gains (losses) on investments	—	(368)	(368)
Net current-period other comprehensive loss	(91)	(252)	(343)
Ending balance	$127	$4,439	$4,566

	Nine months ended September 30, 2013		
	Investments in other ventures	Fixed maturity investments available for sale	Total
Beginning balance	$1,625	$11,997	$13,622
Other comprehensive loss before reclassifications	(1,498)	(10)	(1,508)
Amounts reclassified from accumulated other comprehensive income by statement of operations line item:			
Realized gains reclassified from accumulated other comprehensive income to net realized and unrealized gains (losses) on investments	—	(7,548)	(7,548)

Net current-period other comprehensive loss	(1,498)	(7,558)	(9,056)
Ending balance	$127	$4,439	$4,566

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

	Less than 12 Months		12 Months or Greater		Total	
At September 30, 2014	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Non-agency mortgage-backed	$—	$—	$73	$(3)	$73	$(3)
Total	$—	$—	$73	$(3)	$73	$(3)

	Less than 12 Months		12 Months or Greater		Total	
December 31, 2013	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Agency mortgage-backed	$726	$(11)	$—	$—	$726	$(11)
Non-agency mortgage-backed	—	—	89	(6)	89	(6)
Commercial mortgage-backed	39	—	—	—	39	—
Total	$765	$(11)	$89	$(6)	$854	$(17)

At September 30, 2014, the Company held two fixed maturity investments available for sale securities that were in an unrealized loss position (December 31, 2013 - four), including two fixed maturity investments available for sale securities that were in an unrealized loss position for twelve months or greater (December 31, 2013 - two). The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities before the anticipated recovery of the remaining amortized cost basis. The Company performed reviews of its fixed maturity investments available for sale for the nine months ended September 30, 2014 and 2013, respectively, in order to determine whether declines in the fair value below the amortized cost basis were considered other-than-temporary in accordance with the applicable guidance, as discussed below.

Other-Than-Temporary Impairment Process

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

For the nine months ended September 30, 2014, the Company recognized $Nil of other-than-temporary impairments which were recognized in earnings and $Nil related to other factors which were recognized in other comprehensive income (2013 – $Nil and $Nil, respectively).

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

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Beginning balance	$529	$791	$561	$838
Reductions:				
Securities sold during the period	(15)	(38)	(47)	(85)
Ending balance	$514	$753	$514	$753

NOTE 5. FAIR VALUE MEASUREMENTS

The use of fair value to measure certain assets and liabilities with resulting unrealized gains or losses is pervasive within the Company's consolidated financial statements. Fair value is defined under accounting guidance currently applicable to the Company to be the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The Company recognizes the change in unrealized gains and losses arising from changes in fair value in its consolidated statements of operations, with the exception of changes in unrealized gains and losses on its fixed maturity investments available for sale, which are recognized as a component of accumulated other comprehensive income in shareholders' equity.

FASB ASC Topic Fair Value Measurements and Disclosures prescribes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuation techniques that use at least one significant input that is unobservable (Level 3). The three levels of the fair value hierarchy are described below:

- Fair values determined by Level 1 inputs utilize unadjusted quoted prices obtained from active markets for identical assets or liabilities for which the Company has access. The fair value is determined by multiplying the quoted price by the quantity held by the Company;
- Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals, broker quotes and certain pricing indices; and
- Level 3 inputs are based all or in part on significant unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. In these cases, significant management assumptions can be used to establish management's best estimate of the assumptions used by other market participants in determining the fair value of the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the asset or liability.

In order to determine if a market is active or inactive for a security, the Company considers a number of factors, including, but not limited to, the spread between what a seller is asking for a security and what a buyer is bidding for the same security, the volume of trading activity for the security in question, the price of the security compared to its par value (for fixed maturity investments), and other factors that may be indicative of market activity.

Other than the transaction noted below, there have been no material changes in the Company's valuation techniques, nor have there been any transfers between Level 1 and Level 2, or Level 2 and 3 during the period represented by these consolidated financial statements. As discussed in greater detail below, the Company transferred its investment in the common shares of Trupanion, Inc. ("Trupanion"), a company that provides insurance for a variety of veterinarian costs, from Level 3 to Level 1, effective July 18, 2014, the date on which Trupanion became a publicly traded company on the New York Stock Exchange (the "NYSE"). The fair value transferred from Level 3 to Level 1 was $24.6 million.

Below is a summary of the assets and liabilities that are measured at fair value on a recurring basis and also represents the carrying amount on the Company's consolidated balance sheets:

At September 30, 2014	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	$1,636,326	$1,636,326	$—	$—
Agencies	120,025	—	120,025	—
Non-U.S. government (Sovereign debt)	282,326	—	282,326	—
Non-U.S. government-backed corporate	141,159	—	141,159	—
Corporate	1,572,168	—	1,556,232	15,936
Agency mortgage-backed	325,138	—	325,138	—
Non-agency mortgage-backed	264,455	—	264,455	—
Commercial mortgage-backed	405,635	—	405,635	—
Asset-backed	31,603	—	31,603	—
Total fixed maturity investments	4,778,835	1,636,326	3,126,573	15,936
Short term investments	1,031,143	—	1,031,143	—
Equity investments trading	301,714	301,714	—	—
Other investments				
Private equity partnerships	300,800	—	—	300,800
Catastrophe bonds	179,246	—	179,246	—
Senior secured bank loan fund	18,723	—	—	18,723
Hedge funds	2,718	—	—	2,718
Total other investments	501,487	—	179,246	322,241
Other assets and (liabilities)				
Assumed and ceded (re)insurance contracts	(7,281)	—	—	(7,281)
Derivatives (1)	(1,468)	479	(1,957)	10
Other	(8,523)	—	(8,523)	—
Total other assets and (liabilities)	(17,272)	479	(10,480)	(7,271)
	$6,595,907	$1,938,519	$4,326,482	$330,906

(1) See "Note 12. Derivative Instruments" for additional information related to the fair value by type of contract, of derivatives entered into by the Company.

December 31, 2013	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	$1,352,413	$1,352,413	$—	$—
Agencies	186,050	—	186,050	—
Non-U.S. government (Sovereign debt)	334,580	—	334,580	—
Non-U.S. government-backed corporate	237,479	—	237,479	—
Corporate	1,803,415	—	1,775,835	27,580
Agency mortgage-backed	341,908	—	341,908	—
Non-agency mortgage-backed	257,938	—	257,938	—
Commercial mortgage-backed	314,236	—	314,236	—
Asset-backed	15,258	—	15,258	—
Total fixed maturity investments	4,843,277	1,352,413	3,463,284	27,580
Short term investments	1,044,779	—	1,044,779	—
Equity investments trading	254,776	254,776	—	—
Other investments				
Private equity partnerships	322,391	—	—	322,391
Catastrophe bonds	229,016	—	229,016	—
Senior secured bank loan funds	18,048	—	—	18,048
Hedge funds	3,809	—	—	3,809
Total other investments	573,264	—	229,016	344,248
Other assets and (liabilities)				
Derivatives (1)	4,758	823	6,425	(2,490)
Other	(12,991)	—	(12,991)	—
Total other assets and (liabilities)	(8,233)	823	(6,566)	(2,490)
	$6,707,863	$1,608,012	$4,730,513	$369,338

(1) See “Note 12. 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, 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 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

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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 September 30, 2014, the Company's U.S. treasuries fixed maturity investments are primarily priced by pricing services and had a weighted average effective yield of 1.0% and a weighted average credit quality of AA (December 31, 2013 - 0.8% 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 September 30, 2014, the Company's agency fixed maturity investments had a weighted average effective yield of 1.5% and a weighted average credit quality of AA (December 31, 2013 - 1.3% 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.

Non-U.S. government (Sovereign debt)

Level 2 - Non-U.S. government fixed maturity investments held by the Company at September 30, 2014 had a weighted average effective yield of 1.2% and a weighted average credit quality of AA (December 31, 2013 - 1.3% and AA, 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 who 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 - Non-U.S. government-backed corporate fixed maturity investments had a weighted average effective yield of 1.4% and a weighted average credit quality of AA at September 30, 2014 (December 31, 2013 - 1.1% and AAA, respectively). Non-U.S. government-backed fixed maturity investments are primarily priced by pricing services who 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 September 30, 2014, the Company’s corporate fixed maturity investments principally consist of U.S. and international corporations and had a weighted average effective yield of 3.0% and a weighted average credit quality of BBB (December 31, 2013 - 2.7% 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 September 30, 2014, the Company’s agency mortgage-backed fixed maturity investments included agency residential mortgage-backed securities with a weighted average effective yield of 2.6%, a weighted average credit quality of AA and a weighted average life of 6.2 years (December 31, 2013 - 2.9%, AA and 6.2 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 classified as sub-prime held in its fixed maturity investments portfolio. At September 30, 2014, the Company’s non-agency prime residential mortgage-backed fixed maturity investments have a weighted average effective yield of 3.2%, a weighted average credit quality of non-investment grade, and a weighted average life of 4.3 years (December 31, 2013 - 3.7%, BBB and 4.4 years, respectively). The Company’s non-agency Alt-A fixed maturity investments held at September 30, 2014 have a weighted average effective yield of 3.9%, a weighted average credit quality of BBB and a weighted average life of 5.0 years (December 31, 2013 - 4.7%, non-investment grade and 4.0 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 - The Company’s commercial mortgage-backed fixed maturity investments held at September 30, 2014 have a weighted average effective yield of 2.2%, a weighted average credit quality of AAA, and a weighted average life of 4.0 years (December 31, 2013 - 2.1%, AA and 3.3 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 bid 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 September 30, 2014, the Company’s asset-backed fixed maturity investments had a weighted average effective yield of 1.6%, a weighted average credit quality of AAA and a weighted average life of 2.7 years (December 31, 2013 - 2.0%, AAA and 3.5 years, respectively). The underlying collateral for the

Company's asset-backed fixed maturity investments primarily consists of 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 - 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.

At June 30, 2014, the Company had a corporate fixed maturity investment of $30.2 million in the convertible preferred equity of Trupanion, for which the Company measured the fair value using Level 3 inputs. On July 18, 2014, Trupanion common stock began publicly trading on the NYSE. Effective immediately prior to the closing of the IPO, the Company's investment in the convertible preferred equity of Trupanion was converted into 2.5 million common shares of Trupanion. Trupanion common shares began publicly trading on the NYSE on July 18, 2014 at a share price of $10.00, resulting in a fair value of $24.6 million. Following the IPO, the Company transferred its investment in Trupanion from corporate fixed maturity investments to its portfolio of equity investments trading on its consolidated balance sheet and any realized and unrealized gains or losses related to Trupanion from the IPO price are included in net realized and unrealized gains (losses) on investments on the Company's consolidated statements of operations. The Company has agreed, subject to certain exceptions, not to dispose of or hedge any of the common shares of Trupanion it holds prior to January 14, 2015. Included in equity investments trading at September 30, 2014 is $20.9 million related to the Company's investment in Trupanion.

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 foreign currency forward contracts which are considered Level 1, 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, including credit spreads, credit ratings of the underlying referenced security, the risk free rate and the contract term.

Other

Level 2 - The liabilities measured at fair value and included in Level 2 at September 30, 2014 of $8.5 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:

At September 30, 2014	Fair Value (Level 3)	Valuation Technique	Unobservable (U) and Observable (O) Inputs	Low	High	Weighted Average or Actual
Fixed maturity investments						
Corporate	$15,936	Discounted cash flow ("DCF")	Credit spread (U)	n/a	n/a	0.0%
			Liquidity discount (U)	n/a	n/a	1.0%
			Risk-free rate (O)	n/a	n/a	0.4%
			Dividend rate (O)	n/a	n/a	6.2%
Total fixed maturity investments	15,936					
Other investments						
Private equity partnerships	300,800	Net asset valuation	Estimated performance (U)	(13.9)%	8.3%	(0.4)%
Senior secured bank loan fund	18,723	Net asset valuation	Estimated performance (U)	n/a	n/a	0.5%
Hedge funds	2,718	Net asset valuation	Estimated performance (U)	0.0%	0.0%	0.0%
Total other investments	322,241					
Other assets and (liabilities)						
Assumed and ceded (re)insurance contracts	(7,281)	Internal valuation model	Net undiscounted cash flows (U)	$140	$6,284	$3,784
			Contract period (O)	824	1,100	857
			Discount rate (U)	n/a	n/a	0.8%
Weather contract	(254)	Internal valuation model	See below	n/a	n/a	See below
Call rights	264	Internal valuation model	See below	n/a	n/a	See below
Total other assets and (liabilities)	(7,271)					
	$330,906					

Fixed Maturity Investments
Corporate
Level 3 - Included in the Company’s corporate fixed maturity investments is an investment in the preferred equity of an insurance holding company with a fair value of $15.9 million at September 30, 2014. The Company measures the fair value of this investment using a DCF model and seeks to incorporate all relevant information reasonably available. The Company considers the contractual agreement which stipulates the methodology for calculating a dividend rate to be paid upon liquidation, conversion or redemption. At September 30, 2014, the dividend rate was 6.2%. In addition, the Company has estimated a liquidity discount of 1.0%, a risk-free rate of 0.4% and a credit spread of 0.0%. To ensure the estimate for fair value determined using the DCF model is reasonable, the Company reviews private market comparables of similar investments, if available, and in particular, credit ratings of other private market comparables for similar investments to determine the appropriateness of its estimate of fair value using a

DCF model. The fair value of the Company's investment in this corporate fixed maturity investment determined by a DCF model is positively correlated to the dividend rate, and inversely correlated to the credit spread, liquidity discount and the risk-free rate.

Other investments

Private equity partnerships

Level 3 - Included in the Company's $300.8 million of investments in private equity partnerships at September 30, 2014 are 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 fair value of private equity partnership investments is based on current estimated net asset values established in accordance with the governing documents of such investments and is obtained from the investment manager or general partner of the respective entity. The type of underlying investments held by the investee which form the basis of the net asset valuation include assets such as private business ventures, for which the Company does not have access to financial information. As a result, the Company is unable to corroborate the fair value measurement of the underlying investments of the private equity partnership and therefore requires significant management judgment to determine the fair value of the private equity partnership. In circumstances where there is a reporting lag between the current period end reporting date and the reporting date of the latest fund valuation, the Company estimates the fair value of these funds by starting with the prior quarter-end fund valuations, adjusting these valuations for actual capital calls, redemptions or distributions, as well as the impact of changes in foreign currency exchange rates, and then estimating the return for the current period. In circumstances in which the Company estimates the return for the current period, all relevant information reasonably available to the Company is utilized. This principally includes preliminary estimates reported to the Company by its fund managers, obtaining the valuation of underlying portfolio investments where such underlying investments are publicly traded and therefore have a readily observable price, using information that is available to the Company with respect to the underlying investments, reviewing various indices for similar investments or asset classes, as well as estimating returns based on the results of similar types of investments for which the Company has obtained reported results, or other valuation methods, where possible. The range of such current estimated periodic returns for the three months ended September 30, 2014 was negative 13.9% to positive 8.3% with a weighted average of negative 0.4%. The fair value of the Company's investment in private equity partnerships is positively correlated to the estimated periodic rate of return. The Company also considers factors such as recent financial information, the value of capital transactions with the partnership and management's judgment regarding whether any adjustments should be made to the net asset value. For each respective private equity partnership, the Company obtains and reviews the valuation methodology used by the investment manager or general partner and the latest audited annual financial statements to attempt to ensure that the investment partnership is following fair value principles consistent with GAAP in determining the net asset value of each limited partner's interest.

Senior secured bank loan fund

Level 3 - The Company has $18.7 million invested in a closed end fund which invests primarily in loans. The Company has no right to redeem its investment in this fund. The Company's investment in this fund is valued using the estimated monthly net asset valuation received from the investment manager. The lock up provisions in this fund result in a lack of current observable market transactions between the fund participants and the fund, and therefore the Company considers the fair value of its investment in this fund to be determined using Level 3 inputs. The Company obtains and reviews the latest audited annual financial statements to attempt to ensure that the fund is following fair value principles consistent with GAAP in determining the net asset value. The fair value of the Company's investment in the senior secured bank loan fund is positively correlated to the estimated monthly net asset valuations received from the investment manager.

Hedge funds

Level 3 - The Company has $2.7 million of hedge fund investments that are invested in so called “side pockets” or illiquid investments. In these instances, the Company generally does not have the right to redeem its interest, and as such, the Company classifies this portion of its investment as Level 3. The fair value of these illiquid investments is determined by adjusting the previous periods’ reported net asset value (generally one month in arrears) for an estimated periodic rate of return obtained from the respective investment manager.

For each respective hedge fund investment, the Company obtains and reviews the valuation methodology used by the investment manager and the latest audited annual financial statements to attempt to ensure that the hedge fund investment is following fair value principles consistent with GAAP in determining the net asset value.

Other assets and liabilities

Assumed and ceded (re)insurance contracts

Level 3 - The Company has a $7.3 million 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; and the relevant discount rate used to present value the net cash flows. The contract period is considered an observable input as it 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, would result in an increase in the expected profit and ultimate fair value of the Company's assumed and ceded (re)insurance contracts.

Weather Contract

Level 3 - The Company has a $0.3 million liability related to a weather contract entered into with an insurance company, with the fair value determined through the use of an internal valuation model. Inputs to the internal valuation model are based on proprietary data as observable market inputs are not available. The most significant unobservable input is the potential payment that would become due to a counterparty following the occurrence of a triggering event as reported by an external agency. Generally, an increase (decrease) in the potential payment would result in an increase (decrease) to the fair value of the Company’s weather contract liability.

Call Rights

Level 3 - The Company has an agreement with a counterparty that gives the counterparty the right to purchase shares the Company has in certain of its equity method investees at a price above the Company’s current carrying value for those investments. The agreement is considered a derivative for accounting purposes and the Company’s estimated fair value of the agreement is $0.3 million. The fair value is based on an internal valuation model which incorporates the estimated intrinsic value of the agreement, the time value of money, and the likelihood of the agreement being exercised and ultimately settled. The fair value of the agreement is positively correlated to the tangible GAAP book value of the underlying equity method investees as well as the likelihood of the agreement being exercised and ultimately settled.

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.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - July 1, 2014	$46,176	$334,149	$1,071	$381,396
Total unrealized gains (losses)				
Included in net investment income	(5,596)	(8,054)	9	(13,641)
Included in other (loss) income	—	—	(1,956)	(1,956)
Total realized losses				
Included in other (loss) income	—	—	225	225
Total foreign exchange gains	—	(2,074)	20	(2,054)
Purchases	—	12,425	(6,640)	5,785
Settlements	—	(14,205)	—	(14,205)
Net transfers out of Level 3	(24,644)	—	—	(24,644)
Balance - September 30, 2014	$15,936	$322,241	$(7,271)	$330,906
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(2)	$(8,054)	$9	$(8,047)
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other loss	$—	$—	$(1,956)	$(1,956)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - January 1, 2014	$27,580	$344,248	$(2,490)	$369,338
Total unrealized gains (losses)				
Included in net investment income	13,000	1,401	1,404	15,805
Included in other (loss) income	—	—	264	264
Total realized losses				
Included in other (loss) income	—	—	225	225
Total foreign exchange gains	—	(2,273)	(34)	(2,307)
Purchases	—	37,817	(6,640)	31,177
Settlements	—	(58,952)	—	(58,952)
Net transfers out of Level 3	(24,644)	—	—	(24,644)
Balance - September 30, 2014	$15,936	$322,241	$(7,271)	$330,906
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$210	$1,401	$1,404	$3,015
Change in unrealized gains for the period included in earnings for assets held at the end of the period	$—	$—	$264	$264

included in other loss

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	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - July 1, 2013	$25,681	$393,704	$625	$420,010
Total unrealized gains (losses)				
Included in net investment income	(311)	20,480	—	20,169
Included in other (loss) income	—	—	(625)	(625)
Total realized losses				
Included in other (loss) income	—	—	281	281
Total foreign exchange gains	—	1,218	—	1,218
Purchases	—	6,056	(563)	5,493
Settlements	—	(22,829)	—	(22,829)
Balance - September 30, 2013	$25,370	$398,629	$(282)	$423,717
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$(311)	$20,480	$—	$20,169
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$(625)	$(625)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Fixed maturity investments trading	Other investments	Other assets and (liabilities)	Total
Balance - January 1, 2013	$27,792	$381,067	$21,513	$430,372
Total unrealized gains (losses)				
Included in net investment income	78	31,123	—	31,201
Included in other income (loss)	—	—	(625)	(625)
Total realized losses				
Included in other income (loss)	—	—	(2,365)	(2,365)
Total foreign exchange gains	—	801	—	801
Purchases	—	35,252	(563)	34,689
Settlements	(2,500)	(67,856)	—	(70,356)
Reclassified from other assets to other investments	—	18,242	(18,242)	—
Balance - September 30, 2013	$25,370	$398,629	$(282)	$423,717
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in net investment income	$78	$29,913	$—	$29,991
Change in unrealized gains for the period included in earnings for assets held at the end of the period included in other income (loss)	$—	$—	$(625)	$(625)

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, accrued interest, 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.

Senior Notes

In March 2010, RenRe North America Holdings Inc. ("RRNAH") issued $250.0 million of 5.75% Senior Notes due March 15, 2020, with interest on the notes payable on March 15 and September 15 of each year. At September 30, 2014, the fair value of the 5.75% Senior Notes was $271.0 million (December 31, 2013 – $273.9 million).

The fair value of RRNAH's 5.75% Senior Notes 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 Senior Notes.

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:

	September 30, 2014