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Renaissance Reinsurance Ltd. Ratings Raised; Outlook Stable

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NEW YORK (Standard & Poor's) Feb. 24, 2004--Standard & Poor's Ratings Services raised its counterparty credit and financial strength ratings on Renaissance Reinsurance Ltd. (RRL) to 'AA-' from 'A+'.

At the same time, Standard & Poor's raised its counterparty credit rating on RenaissanceRe Holdings Ltd. (RenRe) to 'A' from 'A-' and its preferred stock rating on the company to 'BBB+' from 'BBB'.

The outlook on all these ratings is stable.

"The ratings are based on the group's very strong and stable management team, very strong and consistent operating performance, robust cash flow, very strong business position, and extremely strong capital adequacy," said Standard & Poor's credit analyst Karole Dill Barkley. Offsetting these positive factors is the uncertainty around the long-term performance in newly diversified specialty reinsurance and individual risk businesses and the potential volatility in operating results.

RenRe's underwriting track record of strong and consistent earnings is currently unparalleled. The earnings strength is bolstered by very strong cash flow, very strong financial flexibility, and a growing stream of underwriting fee income. The underwriting performance in the diversified lines of business is unproven, but RenRe is expected to continue to outperform in the underwriting of property catastrophe reinsurance; however, with more normalized property catastrophe loss activity and potentially decreased writings in a softening market, earnings are expected to decrease from the extremely strong levels generated in 2003.

RenRe's business review has traditionally been limited by its monoline focus on property catastrophe risk. Although RRL has most of its liabilities in this sector, the group has broadened its business position from strictly property catastrophe risk bearing to include individual risk through its Bermuda-based excess and surplus lines company. It also offers catastrophe risk-management services through RenRe's wholly owned subsidiary, Renaissance Underwriting Managers Ltd. Significantly, RenRe has also added premium in noncatastrophe specialty reinsurance lines at RRL, constituting 23% of gross earned premium for the group.

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Credit Ratings Actions.

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