Letter to Shareholders

Kevin O'Donnell
President and Chief Executive Officer

RenaissanceRe has evolved into a highly flexible partner, integrating our operating platform, product suite and capital structure in a way that allows us to provide industry-leading service and market-leading returns.

Dear Shareholders,

In the business of managing risk, managing change is critical. It can determine a company's long-term success or failure, as strengths of dynamic strategies and weaknesses of stagnant ones emerge over time.

2014 was a year when RenaissanceRe's ability to read the market early, and lead the way in helping customers adjust to change, was brought into sharp focus. The tactical shifts we started to implement five years ago began to bear fruit as we continued to execute our strategic plan.

The "change" I am talking about is the steady but permanent shift we have witnessed in the reinsurance market for some years. We have seen unprecedented and rapid inflows of capital into the sector, changes in the needs and buying behavior of our clients, and increased prevalence of "non-aligned" underwriting.

However, there are many constants in how we manage our business. Our core operating philosophy of matching well-priced risk with the most efficient capital sources has been, and will continue to be, our north star through an evolving market. Managing multiple forms of capital has been core to our strategy for over 20 years, and so have underwriting judgment and risk management. But our

Company is structured the way it is today because we have anticipated the dynamics of the market. RenaissanceRe has evolved into a highly flexible partner, integrating our operating platform, product suite and capital structure in a way that allows us to provide industry-leading service and market-leading returns. In 2014, we reinforced our position through several tactical and strategic actions.

Performance

In 2014, we generated net income of $510.3 million and an operating return on equity of 13.7%, increasing tangible book value per share, plus accumulated dividends, by 13.9%. Our combined ratio, the sum of our loss ratio and expense ratio, was 50.2% and we ended the year with over $4 billion of capital, not counting the capital we manage on behalf of private investors.

We continued to work diligently to expand both our assumed risk and capital activities. In November 2014, we announced the acquisition of Platinum Underwriters Holdings, Ltd. and the transaction closed on March 2, 2015. Through Platinum, we believe we will be able to serve a broader range of clients with a larger product suite and additional experienced underwriters. Platinum's track record of underwriting discipline, excellent client service and the ability to adapt to changing market conditions was a natural fit with RenaissanceRe, and we have added meaningful new capabilities through the acquisition.

Matching risk with capital dynamically, we continued to calibrate our capital structure to best serve our clients and optimize returns to our shareholders. We bought back over $500 million of our common shares during 2014, and returned $300 million and $225 million to DaVinci shareholders during January 2014 and January 2015, respectively. We also renewed the Upsilon Fund to serve our clients with the collateralized reinsurance and retrocessional product. This was a market where it was important to pick our spots carefully. We withdrew capital from areas where we felt relative rewards were diminished and deployed capital where we were better rewarded. One of RenaissanceRe's most important attributes is capital flexibility. This allows us to match capital to risk in real time and pursue new underwriting opportunities with the confidence that we can source the best form of capital to support them. In many ways, we made some of our most significant moves in 2014 to enhance risk-sourcing and capital management capabilities for the future.

A consistent approach

Consistency has been a hallmark of our Company through changing market conditions. In 2014, we remained true to our principles by ensuring that the risk we assumed was adequately priced on an individual basis but also resulted in a superior portfolio. We evaluate each risk on its economic merit before factoring in any benefit from diversification within a portfolio. It is worth remembering that some deals can appear to provide an adequate return when viewed in the context of an overall portfolio, but this measure alone is not enough to determine if a risk is good or bad. We have the benefit of seeing the majority of catastrophe risk placed annually, which gives us a window into our performance in every major market. Seeing all the available business, developing an ability to select the best business by forming a differentiated view of risk, and financing risk portfolios with efficient forms of capital are the fundamental building blocks of how RenaissanceRe outperforms the market.

It is also important to remain objective about risk. 2014 was the 9th consecutive year without a major hurricane hitting the U.S., an unprecedented stretch of time. Winning the lottery can result in a great retirement but I don't know anyone who would characterize it as good retirement planning. Similarly, we don't base our risk management on luck. We estimate that each year, the odds of a major hurricane hitting the U.S. is about 40%. 2014 was about ensuring that we could comfortably meet all potential obligations while providing the best service to our clients and shareholders over the long term, in the face of change.

The components of change

The market is clearly changing, in ways that are noticeable and others that are less obvious. I find it easiest to think of our industry, and characterize forces that are acting as agents of change, in terms of risk and capital.

Risk

Though price per unit of risk — and by extension, returns — have come under pressure, we believe long-term opportunities for disciplined and well-capitalized reinsurers remain attractive.

We continue to see reduced financial reward for taking catastrophe risk, caused in part by the abundance of the capital available to accept the risk. In the aggregate, the U.S. catastrophe market still produces an expected profit, but in our traditional view of dividing the market into three broad categories: adequate, low and negative returns, the low-return category is increasing in relative size. Outside of the U.S., the negative-return category (that is, risk that is written at an expected loss) is growing.

In the casualty and specialty market, returns are declining as well. We have been impressed with insurers generally showing good underwriting discipline, but economics are declining largely due to increasing ceding commissions. It appears to us that some large reinsurance casualty underwriters are willing to accept the certainty of lower economics driven by rising expenses (ceding commissions paid to the cedant), because they feel comfortable that underlying rates are still adequate.

In addition, insurers worldwide are becoming more sophisticated about managing their own risk. This increased sophistication is a double-edged sword for the reinsurance market. More risk is retained in many instances, which means these companies seek less reinsurance support. On the positive side, insurers see value in stronger, smarter reinsurers who can offer an independent perspective on their risk. Our experience has been that sharing our view has led to stronger relationships. This, in turn, has created a dialogue that allows us to develop creative new products outside of our traditional property catastrophe offerings.

Many of the world's biggest risks are still either retained or underinsured. Many of the world's geographies have attractive long-term economic prospects, which will lead to more insurable risk coming to market. Our industry has ample capacity to address the threat of cyber risk, of flood, or of other underinsured perils. Throughout 2014, we worked with many clients to help them design cyber products and offered capital to support their efforts. More work needs to be done. The challenge with flood, along with other risks which have been housed in government insurance schemes, is that available coverage tends to be "one size fits all' and not exposure-based. Underpricing leads to what amounts to a sizeable, hidden tax burden for all to cover the exposures of a relative few. I would rather see those needing the coverage pay the appropriate price, relying on the mechanisms and capabilities of the private insurance market. We will continue to work with our customers to accept emerging risk assuring that we, as their reinsurer, remain part of the solutions they develop for their customers. Moreover, RenaissanceRe is committed to working with all stakeholders to promote financial and physical resilience, and to enhance security for these perils.

Capital

Developments in capital have triggered some of the most fundamental and seismic shifts in the reinsurance industry in the last decade. The world has divided reinsurance capital into two major classes: "owned capital" and "third party capital". Perhaps a more accurate way of thinking about capital is as being "aligned" or "non-aligned," and the industry is still coming to terms with how to manage and work with non-aligned capital sources. We believe it is in investors' best interest to have managers' incentives aligned with their own. This should apply equally to the downside as well as the upside. We are seeing a growing number of "non-aligned" participants in today's market.

To us, aligning interests with our investors is central to our stewardship of their capital. Our track record is one of treating investors as partners and looking out for their best interests, often through investing our own capital alongside our partners. By accepting capital continuously and allocating it to risk at market terms, other managers of capital are more like brokers that are paid a fee for simply following the market. Our approach of underwriting, selecting risk and constructing portfolios with "skin in the game" through a financial interest is a fundamentally different management approach.

We continue to see strong demand from third party capital to access our market. Our commitment to managing this capital, however, is driven by our clients and our responsibility to investors. We raise capital when our clients need it. Said another way, we believe that where risk is scarce and capital is abundant, identifying the appropriate risk is a better strategy than accumulating capital and hoping to deploy it at any price. This is a contrarian approach to the prevailing dynamic where an over-abundance of capital struggles to find adequate risk. Over the long run, we believe this approach will earn the trust and capital of our partners.

“New” capital

Capital is entering the market for different reasons today than in prior years. The early third party capital that came to the market entered to accept predominantly property catastrophe risk. This capital was interested in the sector because the spreads were large and the returns uncorrelated to other asset classes. The profile of investors we are seeing now has changed. The vast majority of third party capital on our books in 2006 came from hedge funds; today we have almost no capital from hedge funds. Much of the capital we see now previously found adequate returns in more traditional classes, such as fixed income. Hedge funds are less interested currently because of lower absolute returns in the sector; pension funds are increasingly interested because the relative returns from insurance look very good compared to other alternatives.

However hedge funds have not left the market altogether, and have devised a new generation of companies by developing the “hedge fund reinsurer”. This model focuses on tax benefits and cost efficiency through an aggressive investment approach, which assumes that earning higher returns on its asset portfolio allows it to charge less per unit of risk.

Although we have been leaders in bringing new types and sources of third party capital to our customers, we believe that high-risk premium reflects the higher risk of exposing the assets to a greater probability of loss. As an organization driven by underwriting performance, we have not subscribed to a model that requires outsized investment returns to provide claims-paying security to our clients over the long term.

Our role as a reinsurer

Today, reinsurers have to think more creatively about accumulating, managing and tranching risk, and finding appropriate capital. Over twenty years ago, when our portfolio was focused primarily on excess of loss property catastrophe reinsurance, we wrote a largely regional book of business. This was an efficient way for us to construct better portfolios than the market because we could select the layers and customers that we thought best fit our portfolio. Now, buyers are aggregating coverages and we need to build our portfolios differently to reflect this. This often requires us to provide broader coverages then we did in the past.

> Our track record is one of treating investors as partners and looking out for their best interests, often through investing our own capital alongside our partners.

When we started, equity capital was the most efficient form to put against risk. Being smart about managing and diversifying risk against a single pool of capital was sufficient to generate superior results. A net portfolio could look very similar to a gross portfolio and produce adequate returns. After 1998, we improved efficiency by adding a more robust ceding strategy. By the late 1990s, we were managing third party capital and by 2001, both DaVinci and Top Layer Re were established reinsurers in the market.

In the current environment, it is significantly more complicated to select and structure capital efficiently for the types of risk that are available. Just as we need to diversify our risk, we need to diversify our capital.

Executing against change

We view our job as a reinsurer to respond to our clients’ needs, and one of the outcomes of a shifting landscape has been our clients’ desire to be served more broadly and more deeply. This shift actually began a number of years ago. The pace has accelerated steadily since.

For RenaissanceRe, our goal has always been the same: to meet our clients' needs by matching well-structured risk with efficient capital.

We began to articulate the benefits of broadening our access and diversification in 2009, the year we opened our Lloyd's syndicate and started to build out our specialty book. This is a message we have underlined in each letter to shareholders since. We have continued along a deliberate path to balance our portfolio with non-catastrophe business and have steadily added talent to our team. Our specialty franchise has evolved from being largely opportunistic and operating out of one platform in Bermuda, to writing out of three platforms in Bermuda, London and the U.S. In 2014, we increased our capital commitment to specialty and concentrated on developing the scale of our new platforms, driven — as always — by our clients' needs, and also by the conviction of the importance of bringing more capital to bear in more ways than ever.

That said, our core strategic goal to maintain our leadership in catastrophe reinsurance remains unchanged. While we recognize that the market has changed rapidly, property catastrophe is still a good business. Our actions through 2014 served to enhance our flexibility to manage both our access to risk and the capital we match against that risk. I believe this is the model that others will increasingly emulate.

Our added focus today, in line with our trajectory over the last five years, is to extend diversification and to increase scale. The benefit of diversification, as we know, is that it lowers our cost of capital and improves risk-adjusted returns across our entire portfolio. Scale provides us with more access and more flexibility in the allocation of risks to different pools of capital.

The acquisition of Platinum

It is in this context that, at the end of 2014, we announced an agreement to acquire Platinum. As I described above, we began to balance our portfolio more deliberately with non-catastrophe business a number of years ago. This acquisition accelerates the growth of our U.S. casualty and specialty platform, as well as increasing efficiencies in our property portfolio. It broadens our client and broker base as well as improving operating leverage and capital efficiency. It benefits our clients and we expect it to be accretive to our shareholders.

Platinum is a well-run and disciplined underwriting organization, which we believe is a good fit for us from a cultural and integration perspective. Our risk management systems and underwriting approach are aligned. We know the company well, having participated in Platinum's IPO in 2002. Through the due diligence we performed, we gained comfort that Platinum's reduction in written premium from a peak of $1.7 billion to around $500 million was based on proactive underwriting decisions, keeping the best business and declining the worst to create a smaller but very desirable portfolio. With larger buyers looking to cede multiple lines to a smaller group of large reinsurers, we will benefit from the increased scale, new skills and new lines of business that Platinum brings. I believe that our combined technology, underwriting experience and capital management expertise will make RenaissanceRe stronger, establishing us more firmly than ever as a leader in our markets.

Mergers can provide long-term and permanent benefits but only at the right time and at the right terms. With the Platinum acquisition, I believe we are fulfilling both of those criteria and I am grateful to the many people who worked extremely hard to make it happen.

Thanks

I owe a deep debt of gratitude to the talented people who make up the RenaissanceRe team. The success of our Company ultimately comes from the dedication and professionalism of our entire employee base. I am grateful for the direction and expertise of our Board of Directors and the hard work of my Executive Committee.

At the end of the year, our Chief Administrative Officer, Peter Durhager, announced his departure from RenaissanceRe and Jeff Kelly took on the role of Chief Operating Officer, in addition to his role as Chief Financial Officer. I would like to thank Peter for his many contributions over his ten years with the Company. Jeff has significantly enhanced our financial and strategic planning functions since joining in 2009. We look forward to his contributions in his expanded role.

During the year, Ross Curtis transitioned successfully from the Active Underwriter role in our Lloyd's syndicate in London to the Group Chief Underwriting Officer role. From this seat, he will set our underwriting strategy and oversee all of our risk-taking initiatives. Bryan Dalton, a long-time RenaissanceRe employee with extensive underwriting experience, assumed the position of Active Underwriter. Both Bryan and Ross exemplify the depth of our internal talent and bring the expertise and leadership needed to steer RenaissanceRe through a rapidly evolving market.

Looking ahead

Going forward, we believe that customers — regardless of client segment — will want a reinsurer who makes a credible commitment to cover a wide range of their risks, over reasonably long time periods, at consistent, exposure-based prices. They will need a reinsurer who can provide large line sizes and excellent security, who can help them grow their business, and who works with them effectively to deliver solutions — reinsurance or capital-based.

Our challenge for 2015 and beyond will be to work with clients and brokers to develop new ways to match risk and capital, as their needs change. We will need to do so while remaining true to our culture and focused on leading the market through our superior relationships, superior risk selection and superior capital management.

2014 was a relatively benign year because all market participants — brokers, reinsurers, insurers — were profitable. As 2015 unfolds, the probability of all constituents repeating the feat will likely decrease as the market moves towards what I believe will be an increasingly competitive state. The pressure to be profitable will likely force more acquisitions, more consolidation and perhaps, ultimately, even rate increases. Opportunities will emerge, but they will need to be seized early. RenaissanceRe is ideally structured to respond quickly and efficiently. I am confident about our future.

In closing

All change has associated risk, but resisting change in an evolving world is a dangerous approach. For RenaissanceRe, our goal has always been the same: to meet our clients' needs by matching well-structured risk with efficient capital. To achieve that, we adjust our tactics ahead of the market, while maintaining a core strategy that has served us well for more than twenty years. This, I believe, is what has allowed us to generate superior returns for our shareholders over time, and will drive our success in the future.

Sincerely,

Kevin J. O'Donnell
President and Chief Executive Officer