Letter to Shareholders

Dear Fellow Shareholder:

This annual report marks RenaissanceRe's tenth full year in business and our eighth as a public company. These have been ten very successful years, and by several measures 2003 was one of our best yet. Our operating income of $524 million was 48% higher than our previous best year, net income of $605 million was 66% higher, operating earnings per share of $7.38 was 42% higher and gross written managed premium of $1.5 billion was 17% higher. Finally, at 29%, our operating return on equity was within a point of our best ever as a public company and led our peer group for the eleventh straight year.

In early 2004 we increased our dividend by 27%, the ninth consecutive annual dividend increase since our initial public offering. In addition, Renaissance Reinsurance was upgraded to AA- by Standard & Poor's, one of a very few insurance industry companies to have received a rating agency upgrade in the last three years, which along with our A+ rating from AM Best places our reinsurance business among a handful of reinsurers to be so highly rated.

Progress on 2003 goals

In last year's letter I listed five priorities for 2003. I think we did a good job on all five:

1. Continue to build RenaissanceRe's position as the world's leading property catastrophe reinsurance market.

Gross property catastrophe premium written by Renaissance Reinsurance and our related joint ventures (which we refer to as "managed cat premium") was $720 million, which we believe continues to make us the world's largest writer of this business. This compares to an exceptionally strong $717 million of premium written in 2002, which was up 62% compared with 2001. While property insurance and reinsurance prices have begun to fall this year after four years of generally increasing prices, the quality of our portfolio remains high and well within our historic levels for adequate returns.

2. Continue to meet or exceed our joint venture partners' expectations.

Top Layer Re and DaVinci Re, our two property catastrophe joint ventures, performed well, beating budgeted profits, due to low losses.

3. Continue to build our Specialty Reinsurance and Individual Risk businesses into sustainable franchises.

In Specialty Reinsurance, we hired two executives with deep experience in surety and medical malpractice, respectively, and we became one of the leading reinsurance markets for three of our specialty classes of US business. Managed Specialty Reinsurance premium grew 18% to $292 million, compared to $247 million in 2002, and this business unit contributed over 20% of our operating profit. While prices are continuing to rise in some types of business, the rate of increase is slowing, and our book continues to grow in a few focused areas.

In Individual Risk, we made several key staffing additions and initiated two large programs with top quality managers. For the year, total written Individual Risk premium grew 58% to $447 million, from the $283 million written for 2002. In this market, property insurance prices are declining and as a result we are decreasing the amount we write; at the same time, liability insurance pricing continues to increase, and we are growing our specialty liability business in select areas.

4. Successfully enter a small number of additional lines of business.

During the year, we announced one new business venture, Channel Re, in financial guaranty reinsurance. This venture officially launched in February 2004, and is described on page 16.

5. Develop our management talent and organizational structure to maintain our entrepreneurial culture as our business and financial scale expand.

I believe we made great strides in taking the same management culture, client focus and risk control that we have always exhibited in our cat business and instituting them in our newer business units.

Our First Ten Years — A Short Summary

Our first ten years breaks into three periods. In the first, we focused on building a successful property cat business, in the second we institutionalized our business discipline, and in the third we began to broaden our business in response to market need.

From our formation in 1993 through 1995, we grew our property cat business very rapidly in a very "hard market" (an industry term meaning high prices). As a new company, we established the three "success factors" that would define our business: superior risk selection, superior marketing and superior capital management. We worked hard to develop the leading catastrophe management computer system (REMS©) and the risk management culture to use it effectively. We focused on meeting our clients' needs through creative products and responsive service. And we carefully managed our capital in the interests of our long-term shareholders.

James N. Stanard
Chairman and Chief Executive Officer

From 1996 through 1998, we focused on maintaining our underwriting discipline in a period of falling prices, becoming the first major cat reinsurer to begin cutting back risk exposure in 1996. We started Glencoe, which, with a lot of patience, has grown to be a big success. We also acquired Nobel Insurance Company (now called "Stonington"), which was not a successful transaction. When our stock price sagged, we aggressively bought back shares — thinking like long-term shareholders. We also established the strategic principles that we still use to evaluate new businesses: there must be a market opportunity, we must be able to develop a competitive advantage, and the management required must fit with our culture. We did not expand much beyond our core cat business because of the first of these principles — there was a lack of market opportunity.

As cat market prices started to rise following market losses in 1998 and 1999, we began to grow our cat premium again, becoming the world's largest writer in 2000. The hardening market conditions, which accelerated in late 2001 following the World Trade Center tragedy, Enron's collapse, billions of dollars of industry loss reserve shortfalls and the falling stock market, also allowed us to grow Individual Risk and Specialty Reinsurance, and our joint venture activity through Renaissance Underwriting Managers — meeting all three principles in each case.

The Next Ten Years

Although it is satisfying to reflect over a successful ten-year history, it is only relevant to the extent it helps guide us over our next ten years. To describe where I see us going, I have imagined some comments that might be in the Chairman's letter in 2013 — ten years from now. I believe we will be able to say that:

1. We continue to maintain an excellent reputation with our clients, providing them quick and fair claims payment, offering outstanding security, solving their problems responsively and creatively, and providing them consistent capacity and pricing.
2. Our franchise in catastrophe reinsurance is stronger than ever. We are a leader in a number of select lines of specialty reinsurance and in a few specific types of individual risk insurance. Most of these businesses are run as wholly owned subsidiaries, while others are held in partially owned joint ventures.
3. Our businesses are managed by small, stand-alone management teams, operating with the same hands-on, client-focused, entrepreneurial culture that made us successful in our first ten years.
4. For the ten-year period from 2004 - 2013, we continued to lead the industry in the growth of book value per share, plus accumulated dividends. (I believe this will hold true even if our string of market-leading ROE's is broken at some point in a soft market during a low-catastrophe year.)

I also expect that RenaissanceRe will remain a leader in risk management. But being a leader in risk management does not always guarantee great results. We may experience a big hurricane or earthquake, which could result in our first annual loss in history — such a loss might occur in a peak exposure area for us (where pricing is especially favorable) and so produce relatively worse losses than our competitors. We may also find that some of the new segments or joint ventures that we enter do not turn into profitable businesses. We may even experience a loss that we failed to adequately model.

However, I believe that we will continue to be distinguished as a risk management leader by the way we handle these losses: we try to avoid what we call "gratuitous exposure" — broad coverage exposed to losses but not reflected in the price; we seek to quickly identify developing exposures; we have planned our capital management actions following large losses; and we have a culture and a track record of exiting ventures when they do not work, and sitting on our hands when business is underpriced. By focusing on a limited number of specialties, RenaissanceRe has fewer things that can go wrong, and we can better focus on the unique risks of each specialty. I cannot think of any company in our industry that is better equipped to handle the changing risk environment of the next ten years.

Challenges for 2004

As we enter our second decade, we are pleased with our position but not overconfident. We recognize that most of the markets in which we operate are growing more difficult, and that our competitors keep getting smarter and tougher — in many cases emulating the strategies that have made us successful (just as we try to learn from their successes).

We are on a good course, and so I would list for 2004 the same priorities as last year, with one addition: to prepare for more competitive market conditions in all of our segments.

Our excellent reputation and satisfied client base, our deep and smoothly functioning management team, and our balance sheet — one of the strongest and cleanest in the industry — will continue to be great competitive advantages, both in the catastrophe reinsurance sector and in other areas where we pursue opportunities.

Sincerely,

James N. Stanard
Chairman of the Board
Chief Executive Officer
RenaissanceRe Holdings Ltd.