

PARTNERRE LTD  
Form 10-Q  
November 14, 2003  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended

September 30, 2003

Commission file number 0-2253

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**PartnerRe Ltd.**

(Exact name of Registrant as specified in its charter)

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**Bermuda**  
(State or other Jurisdiction of  
Incorporation or Organization)

96 Pitts Bay Road

**Not Applicable**  
(I.R.S. Employer  
Identification No.)

HM 08

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**Pembroke, Bermuda**  
(Address of principal executive offices)

(Zip Code)

**(441) 292-0888**

**Registrant's telephone number, including area code**

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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 (the Exchange Act) during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes  No

The number of the Registrant's common shares (par value \$1.00 per share) outstanding as of November 7, 2003 was 53,648,451

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**INDEPENDENT ACCOUNTANTS REPORT**

To the Board of Directors and Shareholders of PartnerRe Ltd.

We have reviewed the accompanying condensed consolidated balance sheet of PartnerRe Ltd. and subsidiaries as of September 30, 2003 and the related condensed consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended September 30, 2003 and 2002 and of shareholders' equity and cash flows for the nine-month periods ended September 30, 2003 and 2002. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of PartnerRe Ltd. and subsidiaries as of December 31, 2002 and the related consolidated statements of operations and comprehensive income, shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 10, 2003, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph relating to the Company's change in method of accounting for goodwill and derivative instruments and hedging activities. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2002 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Deloitte & Touche

Hamilton, Bermuda

November 3, 2003

**Table of Contents****PartnerRe Ltd.****Condensed Consolidated Balance Sheets**

(Expressed in thousands of U.S. dollars, except parenthetical share data)

(Unaudited)

	September 30, 2003	December 31, 2002
<b>Assets</b>		
<b>Investments and cash</b>		
Fixed maturities, available for sale, at fair value (amortized cost: 2003, \$5,121,130; 2002, \$3,998,382)	\$ 5,255,480	\$ 4,145,594
Short-term investments, available for sale, at fair value (amortized cost: 2003, \$63,889; 2002, \$3,787)	63,869	3,801
Equities, available for sale, at fair value (cost: 2003, \$568,575; 2002, \$493,893)	621,216	473,163
Trading securities, at fair value (cost: 2003, \$117,031; 2002, \$72,998)	123,211	75,284
Cash and cash equivalents, at fair value, which approximates amortized cost	758,478	710,640
Other invested assets	4,102	3,630
<b>Total investments and cash</b>	<b>6,826,356</b>	<b>5,412,112</b>
Accrued investment income	98,556	66,980
Reinsurance balances receivable	1,256,512	994,502
Reinsurance recoverable on paid and unpaid losses	208,820	216,681
Funds held by reinsured companies	825,674	726,722
Deferred acquisition costs	347,276	304,873
Deposit assets	502,857	359,606
Taxes recoverable	94,276	100,002
Goodwill	429,519	429,519
Other	127,423	126,977
<b>Total Assets</b>	<b>\$ 10,717,269</b>	<b>\$ 8,737,974</b>
<b>Liabilities</b>		
Unpaid losses and loss expenses	\$ 4,323,685	\$ 3,658,416
Policy benefits for life and annuity contracts	960,371	815,978
Unearned premiums	1,188,288	869,925
Funds held under reinsurance treaties	30,859	32,359
Deposit liabilities	529,596	356,091
Long-term debt	220,000	220,000
Net payable for securities purchased	462,338	190,110
Accounts payable, accrued expenses and other	125,183	117,913
Mandatorily Redeemable Preferred Securities	200,000	
<b>Total Liabilities</b>	<b>8,040,320</b>	<b>6,260,792</b>
<b>Trust Preferred and Mandatorily Redeemable Preferred Securities</b>	<b>200,000</b>	<b>400,000</b>
<b>Shareholders Equity</b>		
Common shares (par value \$1.00, issued and outstanding: 2003, 53,638,131; 2002, 52,375,938)	53,638	52,376
Preferred shares (aggregate liquidation preference: 2003, \$290,000,000; 2002, \$250,000,000; par value \$1.00, issued and outstanding: 2003, 11,600,000; 2002, 10,000,000;)	11,600	10,000

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Additional paid-in capital	<b>1,019,673</b>	977,714
Deferred compensation	<b>(159)</b>	(261)
Accumulated other comprehensive income:		
Net unrealized gains on investments, net of tax	<b>153,481</b>	119,605
Currency translation adjustment	<b>(1,216)</b>	(30,820)
Retained earnings	<b>1,239,932</b>	948,568
	<hr/>	<hr/>
<b>Total Shareholders Equity</b>	<b>2,476,949</b>	2,077,182
	<hr/>	<hr/>
<b>Total Liabilities, Trust Preferred and Mandatorily Redeemable Preferred Securities and Shareholders Equity</b>	<b>\$ 10,717,269</b>	\$ 8,737,974
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See Accompanying Notes to Condensed Consolidated Financial Statements

**Table of Contents****PartnerRe Ltd.****Condensed Consolidated Statements of Operations and Comprehensive Income**

(Expressed in thousands, except per share data)

(Unaudited)

	For the three months ended September 30, 2003	For the three months ended September 30, 2002	For the nine months ended September 30, 2003	For the nine months ended September 30, 2002
<b>Revenues</b>				
Gross premiums written	\$ 750,305	\$ 575,581	\$ 2,849,198	\$ 1,990,099
Net premiums written	\$ 743,525	\$ 570,108	\$ 2,817,132	\$ 1,957,881
Decrease (increase) in unearned premiums	144,686	61,829	(259,837)	(280,802)
Net premiums earned	888,211	631,937	2,557,295	1,677,079
Net investment income	65,435	60,186	190,910	178,416
Net realized investment gains (losses)	13,110	791	78,566	(13,363)
Other income	2,869	1,540	6,129	3,564
<b>Total Revenues</b>	<b>969,625</b>	<b>694,454</b>	<b>2,832,900</b>	<b>1,845,696</b>
<b>Expenses</b>				
Losses and loss expenses and life policy benefits	593,875	531,445	1,704,145	1,225,066
Acquisition costs	198,034	136,965	569,354	361,679
Other operating expenses	62,618	41,030	171,967	117,695
Interest expense	6,113	3,267	12,539	9,693
Net foreign exchange losses (gains)	972	(812)	1,267	5,279
<b>Total Expenses</b>	<b>861,612</b>	<b>711,895</b>	<b>2,459,272</b>	<b>1,719,412</b>
<b>Income (Loss) before distributions related to Trust Preferred and Mandatorily Redeemable Preferred Securities and taxes</b>				
	<b>108,013</b>	<b>(17,441)</b>	<b>373,628</b>	<b>126,284</b>
Distributions related to Trust Preferred and Mandatorily Redeemable Preferred Securities	4,010	6,815	17,640	20,445
Income tax (benefit) expense	(12,862)	3,679	(7,162)	3,929
<b>Net income (loss)</b>	<b>116,865</b>	<b>(27,935)</b>	<b>363,150</b>	<b>101,910</b>
<b>Preferred dividends</b>	<b>4,854</b>	<b>5,000</b>	<b>24,421</b>	<b>15,000</b>
<b>Net income (loss) available to common shareholders</b>	<b>\$ 112,011</b>	<b>\$ (32,935)</b>	<b>\$ 338,729</b>	<b>\$ 86,910</b>
<b>Calculation of comprehensive income, net of tax:</b>				
Net income (loss) as reported	\$ 116,865	\$ (27,935)	\$ 363,150	\$ 101,910
Change in unrealized gains or losses on investments	(18,284)	59,911	33,876	74,640
Change in currency translation adjustment	1,557	(4,765)	29,604	19,160
<b>Comprehensive income</b>	<b>\$ 100,138</b>	<b>\$ 27,211</b>	<b>\$ 426,630</b>	<b>\$ 195,710</b>

**Per share data:**

Earnings per common share:

Basic net income (loss)	\$	<b>2.09</b>	\$	(0.65)
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