

VALIDUS HOLDINGS LTD
Form 10-Q
August 07, 2015

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2015

Commission file number 001-33606

VALIDUS HOLDINGS, LTD.
(Exact name of registrant as specified in its charter)

BERMUDA (State or other jurisdiction of incorporation or organization)	98-0501001 (I.R.S. Employer Identification No.)
29 Richmond Road, Pembroke, Bermuda HM 08 (Address of principal executive offices and zip code) (441) 278-9000 (Registrant's telephone number, including area code)	

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 No

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 5, 2015 there were 82,755,657 outstanding Common Shares, \$0.175 par value per share, of the registrant.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Validus Holdings, Ltd.

Consolidated Balance Sheets

As at June 30, 2015 (unaudited) and December 31, 2014

(Expressed in thousands of U.S. dollars, except share and per share information)

	June 30, 2015 (unaudited)	December 31, 2014
Assets		
Fixed maturities, at fair value (amortized cost: 2015—\$5,462,612; 2014—\$5,534,494)	\$5,459,304	\$5,532,731
Short-term investments, at fair value (amortized cost: 2015—\$1,337,914; 2014—\$1,051,222)	1,338,051	1,051,074
Other investments, at fair value (cost: 2015—\$901,581; 2014—\$879,176)	893,707	813,011
Cash and cash equivalents	433,710	577,240
Restricted cash	140,019	173,003
Total investments and cash	8,264,791	8,147,059
Investments in affiliates	374,121	261,483
Premiums receivable	1,276,020	707,647
Deferred acquisition costs	253,225	161,295
Prepaid reinsurance premiums	161,516	81,983
Securities lending collateral	7,021	470
Loss reserves recoverable	376,665	377,466
Paid losses recoverable	40,198	38,078
Income taxes recoverable	13,787	—
Deferred tax asset	23,079	23,821
Receivable for investments sold	29,131	18,318
Intangible assets	124,092	126,924
Goodwill	196,758	195,897
Accrued investment income	23,894	24,865
Other assets	260,998	164,633
Total assets	\$11,425,296	\$10,329,939
Liabilities		
Reserve for losses and loss expenses	\$3,187,177	\$3,234,394
Unearned premiums	1,519,491	990,564
Reinsurance balances payable	95,705	127,128
Securities lending payable	7,487	936
Deferred tax liability	8,063	5,541
Payable for investments purchased	105,871	68,574
Accounts payable and accrued expenses	167,776	318,245
Notes payable to operating affiliates	1,381,313	671,465
Senior notes payable	247,360	247,306
Debentures payable	538,032	539,277
Total liabilities	\$7,258,275	\$6,203,430

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Commitments and contingent liabilities		
Redeemable noncontrolling interest	—	79,956
Shareholders' equity		
Common shares, 571,428,571 authorized, par value \$0.175 (Issued: 2015—158,379,505; 2014—155,554,224; Outstanding: 2015—83,295,795; 2014—83,869,845)	\$27,716	\$27,222
Treasury shares (2015—75,083,710; 2014—71,684,379)	(13,140)	(12,545)
Additional paid-in-capital	1,097,527	1,207,493
Accumulated other comprehensive loss	(9,066)	(8,556)
Retained earnings	2,553,894	2,374,344
Total shareholders' equity available to Validus	3,656,931	3,587,958
Noncontrolling interest	510,090	458,595
Total shareholders' equity	\$4,167,021	\$4,046,553
Total liabilities, noncontrolling interests and shareholders' equity	\$11,425,296	\$10,329,939

The accompanying notes are an integral part of these Consolidated Financial Statements (unaudited).

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Validus Holdings, Ltd.

Consolidated Statements of Comprehensive Income

For the Three and Six Months Ended June 30, 2015 and 2014 (unaudited)

(Expressed in thousands of U.S. dollars, except share and per share information)

	Three Months Ended		Six Months Ended	
	June 30, 2015 (unaudited)	June 30, 2014 (unaudited)	June 30, 2015 (unaudited)	June 30, 2014 (unaudited)
Revenues				
Gross premiums written	\$726,968	\$655,674	\$1,846,466	\$1,667,665
Reinsurance premiums ceded	(54,896)	(50,565)	(245,736)	(245,473)
Net premiums written	672,072			