

VALIDUS HOLDINGS LTD

Form 10-Q

July 27, 2018

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 June 30, 2018

Commission file number 001-33606

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VALIDUS HOLDINGS, LTD.

(Exact name of registrant as specified in its charter)

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BERMUDA

98-0501001

(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 July 26, 2018, there were 79,329,027 outstanding common shares, \$0.01 par value per share, of the registrant.

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Validus Holdings, Ltd.

Consolidated Balance Sheets

As at June 30, 2018 (unaudited) and December 31, 2017

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

	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Fixed maturity investments trading, at fair value (amortized cost: 2018—\$5,651,953; 2017—\$5,876,261)	\$5,559,953	\$5,858,348
Short-term investments trading, at fair value (amortized cost: 2018—\$3,728,930; 2017—\$3,381,714)	3,728,894	3,381,757
Other investments, at fair value (cost: 2018—\$341,883; 2017—\$330,416)	366,184	355,218
Investments in investment affiliates, equity method (cost: 2018—\$72,135; 2017—\$61,944)	27,247	100,137
Cash and cash equivalents	719,219	754,990
Restricted cash	286,279	394,663
Total investments and cash	10,787,776	10,845,113
Premiums receivable	1,947,462	939,487
Deferred acquisition costs	317,834	213,816
Prepaid reinsurance premiums	336,384	132,938
Securities lending collateral	2,117	2,717
Loss reserves recoverable	970,950	1,233,997
Paid losses recoverable	71,876	46,873
Income taxes recoverable	11,023	9,044
Deferred tax asset	60,438	52,467
Receivable for investments sold	15,662	12,182
Intangible assets	167,052	171,411
Goodwill	229,573	229,573
Accrued investment income	31,082	29,096
Other assets	549,841	508,165
Total assets	\$15,499,070	\$14,426,879
Liabilities		
Reserve for losses and loss expenses	\$4,699,599	\$4,831,390
Unearned premiums	2,190,884	1,147,186
Reinsurance balances payable	406,081	331,645
Securities lending payable	2,117	2,717
Deferred tax liability	2,142	4,600
Payable for investments purchased	60,275	74,496
Accounts payable and accrued expenses	576,260	1,225,875
Notes payable to AlphaCat investors	1,206,671	1,108,364
Senior notes payable	245,664	245,564
Debentures payable	538,751	539,158
Total liabilities	9,928,444	9,510,995
Commitments and contingent liabilities		
Redeemable noncontrolling interests	1,390,233	1,004,094
Shareholders' equity		
Preferred shares (Issued and Outstanding: 2018—16,000; 2017—16,000)	400,000	400,000
Common shares (Issued: 2018—163,186,889; 2017—161,994,491; Outstanding: 2018—80,511,948; 2017—79,319,550)	28,558	28,349

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Treasury shares (2018—82,674,941; 2017—82,674,941)	(14,468	) (14,468	)
Additional paid-in capital	816,282	814,641	
Accumulated other comprehensive income (loss)	9,859	(22,192	)
Retained earnings	2,568,905	2,688,742	
Total shareholders' equity available to Validus	3,809,136	3,895,072	
Noncontrolling interests	371,257	16,718	
Total shareholders' equity	4,180,393	3,911,790	
Total liabilities, noncontrolling interests and shareholders' equity	\$15,499,070	\$14,426,879	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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Validus Holdings, Ltd.

Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

For the Three and Six Months Ended June 30, 2018 and 2017 (unaudited)

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

Three Months	Six Months
Ended June 30,	Ended June
2018	2017
2018	2017
2017	2018
2018	2017

(unaudited)